Blue Ribbon Commission on Transportation

Revenue Committee

Final Report

December 18, 2000

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Blue Ribbon Commission on Transportation
Revenue Committee Final Report

Executive Summary

Recommendation for a Revenue Package

The following goals, principles and recommendations were adopted the Revenue Committee on November 22, 2000.

Goals and Guidelines for Transportation Funding

Simplification. Streamline and simplify the existing transportation funding structure and avoid further layering of fund restrictions. Grant programs should be consolidated and grant criteria loosened.

Flexibility. Enable funds to be able to be used across all modes for the best possible mix of projects.

Equity. Ensure access to funds among governmental jurisdictions and transportation modes is equitable and does not favor certain parts of the system. Establish funding and investment equity among regions of the state.

Stability. Ensure that funding sources are predictable and keep pace with the economy.

Public understanding. Make the funding structure understandable and clearly link sources to functions in ways that are easy to explain.

Funding Principles

Create a system that makes sense to the public:

1. Fund transportation like other basic infrastructure:
   - ensure basic operation and maintenance is adequate;
   - ensure that growth and change over time can be addressed;
   - use long-term financing to pay for facilities that have a long-term useful life.

2. Link transportation-related taxes to transportation purposes that are easily understood.

3. Shift funding focus to user fees--those who use the system should also pay for it.

4. Recognize differential regional needs, both rural and urban.

Create a funding structure that is rational and efficient:

5. Shift funding focus from jurisdictions to functions (maintenance, safety, mobility, etc.) and to corridors and facility clusters.

6. Simplify grant funding by consolidating grants and loosening restrictions.

7. Focus the revenue system not only on raising revenues, but also on mobility. Harness the force of markets in funding improvements in congested areas.

More Efficient Use of the Current Funding System

8. Require WSDOT, counties, cities and transit to demonstrate progress toward achieving benchmark efficiencies as a condition of receiving some portion of new baseline funding.

9. Require cities, counties and transit to demonstrate that they are not supplanting existing transportation funds as a condition of receiving new funding.

10. Direct a baseline allocation of adequate funding to operation, maintenance, preservation and safety functions for state highways, county roads, city streets, transit, ferries and alternate modes.

11. Require all agencies and jurisdictions to demonstrate the use of maintenance management systems and pavement management systems as a condition of receiving their baseline allocation of funding.

12. Require WSDOT, cities and counties to demonstrate, after an initial period of three years, that their preservation investments are based on lowest life cycle cost principles as a condition of receiving funding.

13. Require that available grant programs do not fund preservation projects that are already funded out of baseline fund allocations.

14. Distribute pass-through funds according to a new formula that directs funds on a geographic basis to counties, and cities within counties; takes into account lane miles, classification and pavement type, population and utilization (for example, VMT); and is adjusted for changes in road jurisdiction at least once every five years.

15. Develop a new method for joint regional programming of federal funds, with the state, local jurisdictions, transit agencies and other stakeholders participating in a regional prioritization process that directs federal funds to major corridors and facility clusters.

16. Require that federal funds be managed only by jurisdictions and agencies that are "certification accepted."

17. Create one-stop grant funding centers where all competitive funds, whether federal or state, are disbursed under regional priority programming agreements and administered using a single application process.

18. Adopt a regional equity principle for distribution of new funds to regions of the state, based on the following three-tiers:
    - allocate sufficient funds statewide to all regions for basic operations, maintenance, preservation and safety at a minimum agreed upon level;
    - allocate all other funds such that each region is guaranteed a minimum return of 85% of funds generated in that region, and allocate remaining funds to a statewide equalization fund to be distributed to negative equity regions; and
    - allocate all funds regionally authorized directly to the region in which they are generated.

19. Adopt the Ferry Tariff Policy Committee's recommendation on a new ferry tariff policy, including a new time-based route equity structure, premium pricing for passenger-only service and 80% farebox recovery, phased in over the next six years. Seek to achieve a 20-year goal of 90% to 100% farebox recovery.

Revenue Measures

20. Develop a package of new revenues to fund a comprehensive multi-modal set of investments, which taken together with the recommended efficiency measures and reforms, will ensure a 20-year program of preserving, optimizing and expanding the state's transportation system. The Revenue Committee recommends a combination of the following revenue measures to comprise the elements of such a package:

    - Efficiency measures at the state, county, city and transit agency levels;
    - Transfer from the state General Fund transportation-related sales taxes, within the capacity determined to be available;
    - Authorize the extension of the existing gross weight fee to all vehicles that use the roadway system, including passenger cars, sport utility vehicles and recreation vehicles;
    - Authorize a surcharge to the existing gross weight fee for trucks, the proceeds to be dedicated to freight mobility improvements;
    - Increase the motor fuel tax;
    - Extend the existing state and local sales tax to purchases of motor vehicle fuels and dedicate the proceeds to transportation purposes;
    - Authorize a new surcharge on the wholesale sale of new and used vehicles, auto parts and accessories, the proceeds to be dedicated to transportation;
    - Adopt a new ferry tariff policy that includes premium pricing for passenger-only ferry service, regional route equity pricing; also adopt a new farebox recovery policy of 80% within six years and 90% within 20 years;
    - Authorize a local option vehicle mile traveled (VMT) charge to be used by regional entities in congested regions of the state, and to be imposed on all vehicles registered in such a region;

- Authorize the use of the existing local option high capacity transportation taxes for all transportation purposes to all regions except the Central Puget Sound Regional Transit Authority;
- Authorize to regions a regional sales tax, dedicated to all transportation purposes.
- Expand the authority of counties to impose the local option motor vehicle license fee; repeal the referendum provision; and authorize cities to impose the fee if the county in which they are located has not imposed the fee within five years of enactment;
- Authorize bonding programs at the state and regional levels to achieve the funding levels determined to be needed.

21. Authorize to the state and to regional entities the implementation of all forms of congestion pricing, including region-wide pricing, pricing on individual facilities, and the use of high-occupancy toll (HOT) lanes.

22. Examine and, if appropriate, authorize the bonding of federal funds.

23. Examine and authorize the expansion of tax increment financing as a tool for transportation and other development projects.

24. Examine all transportation revenue sources at least biennially and ensure that they are keeping pace with inflation and with growth according to benchmarked trends.

Introduction

The Blue Ribbon Commission on Transportation's Revenue Committee met monthly during the period October 1998 to April 2000. During that period, committee members had the opportunity to:

- Receive in-depth briefings about the transportation revenue system in Washington,
- Identify issues and develop findings about the current system,
- Develop principles and goals about a potential improved revenue system of the future, and
- Develop and evaluate a set of preliminary revenue options.

In May 2000 the preliminary options were presented to the full Commission along with the options from the Benchmark, Investment and Administration Committees. During the months June through October 2000, the options were circulated to the public for review and comment, and additional development and analysis were conducted to formulate an investment plan and a set of fiscal scenarios to fund the plan.

This report presents a recommended fiscal package and outlines the approach taken in narrowing down the revenue options and submitting them to the full Blue Ribbon Commission for selection of a final recommendation. It also describes the key findings, principles and goals identified by the committee and lays out the framework for fiscal analysis used to arrive at the final package.

Transportation Revenues in Washington

In population and economic activity, factors which strongly influence transportation use, Washington is experiencing a period of accelerated growth, and can expect more growth in the coming decades. Population is growing and it is increasingly urban. Washington's population is projected to increase over 36% from 1997 to 2020. Over half of the growth is projected to be in the three counties of central Puget Sound.[1] Additionally, by 2020, projections show one million more participants in Washington's labor force than there are today. Growth in the labor force will average 1.3% annually. A larger workforce indicates that more people will be making the journey to work, and adding to traffic.[2]

As these growth pressures have been placing increasing demands on the transportation system at the state, regional and local levels, the revenue structure has increasingly lagged in its ability to keep pace with the growth and investment needs. The Revenue Committee found that both the structure itself and the level of revenues it generates have become inadequate.

The funding structure organizes funds into numerous categories that tend be fairly limited in the kinds of transportation uses to which each can be applied. The categories are restricted by federal law, the state Constitution and state law. Jurisdictional responsibility also restricts how

[1] Puget Sound Regional Council, August 1999.

[2] WSDOT, Trends Analysis, March 1998.

funds are spent. The existing funding framework is based on historical conditions that were once appropriate, but may not reflect the needs of the system in the future.

Some of the characteristics of the current funding structure include:

- A large number of funding categories or "buckets" at each level of government;
- A high degree of fund dedication and numerous restrictions on uses;
- Funds distributed by and often restricted to jurisdiction, mode and program; and
- Different economic characteristics of the various fund sources available to jurisdictions, modes and programs.

The state, counties, cities and public transit districts each have a different mix of transportation revenue sources available to them.

State Sources. Until November 1999, the State of Washington had four major sources of transportation revenue: the gas tax; the motor vehicle excise tax (MVET); licenses, permits, and fees; and transportation bonds. In the November 1999 election, Initiative 695 abolished the MVET and replaced it with a $30 annual license fee, leaving a $750 million annual gap in state funding. Although I-695 was subsequently declared unconstitutional by the Washington State Supreme Court, the abolition of the MVET and its replacement with a $30 annual fee were fixed in statute by the Legislature. The remaining state sources are:

- **Gas Tax.** The state gas tax in Washington is levied at 23 cents per gallon[3]. Each cent generates $33 million in revenues annually, or a total of about $760 million per year. The 18th amendment to the State Constitution provides that gas tax revenue can only be used for highways, ferries and local streets and roads. The gas tax is projected to grow at about 2.3% per year in the next few years, while the state's economy is growing at faster than 7% annually. At the current rate, the gas tax fails to keep pace with inflation and the cost of needed transportation investments. Gas tax revenues also depend on fuel consumption, which has declined from 12 miles per gallon in 1968 to 18 mpg in 1998.

- **Licenses, permits and fees.** This category represents over 40 revenue sources that together generate about $250 million per year. The three largest fees in this category are: the combined licensing fee, for trucks with gross weight of 4,000 pounds or more; the motor vehicle registration fee (license fee), paid by passenger car owners, motorcycles, motor homes, and others; and ferry fares. These sources are also restricted by the 18th Amendment.

- **Bonding.** The state of Washington has bonded between 10% and 20% of state transportation revenues since 1970. These are generally issued as "double-barreled" bonds that are backed by the full faith and taxing authority of the state. The passage of R-49 in November 1998 dramatically increased the state's use of transportation bonding, however the revenue source backing the bonds was eliminated by I-695. Bond authorizations are passed by the Legislature and require a 60% vote.

[3] Gas tax revenue do not all flow to WSDOT, but are distributed to the state, counties and cities as well as to specific programs.

County Sources. County governments in Washington are responsible for some 40,000 miles of county roads. In addition to gas tax revenues that are distributed to counties, their primary transportation funding source is a dedicated property tax or road levy of $2.25 per $1,000 of property value. In 1999 the road levy was projected to generate about $280 million. The property tax has been a strong revenue generator in counties that have experienced economic growth, however, it is not a popular tax and many citizens have been opposed to further increases. Counties also have a local option vehicle license fee of $15 per vehicle per year. This local option is in use in four counties.

City Sources. Cities receive a state gas tax allocation based on their population, but otherwise have no dedicated transportation funding source and fund their city street investments out of their general funds. City general sources include the property tax, sales tax, business & occupation tax and utility tax, all of which track economic growth and have grown significantly in recent years. Cities use up to 40% of their general funds for transportation purposes. Cities also use federal and state competitive grants to augment their local funds.

Public Transit Sources. Prior to the passage of I-695, transit relied on two major funding sources: the sales tax and the MVET. Voter approved sales tax rates range from 0.1% to the maximum of 0.6% (used by King County Metro and by Snohomish County's Community Transit). Other funding sources for public transit include farebox revenues, federal grants and bond proceeds. Transit districts in Washington lost some $200 million in annual revenues as a result of I-695. The remaining sales tax generates a total of $425 million for transit each year. The 2000 Legislature authorized an additional 0.3% local sales tax for use by transit districts with a vote of their citizens.

In addition to the revenue sources outlined above, Washington receives $500 million annually in federal funds. The funds flow to all levels of government and all modes based on a combination of federal law and agreements reached by the legislature and transportation entities in the state.

The Revenue Committee Process

The Revenue Committee spent the better part of a year learning about this funding structure and its many details and complexities. It received briefings from experts in and outside of the transportation industry. The speakers who appeared before the committee included:

- Don Taylor, Washington Department of Revenue
- Gary Lowe, Washington State Association of Counties
- Chris Mudgett, County Road Administration Board
- Stan Finkelstein, Association of Washington Cities
- Diane Carlson, Association of Washington Cities
- Jerry Fay, Transportation Improvement Board
- Denny Ingham, WSDOT Transaid Office
- Dan Snow, Washington State Transit Association
- Joyce Olson, Community Transit
- Jay Reich, Preston, Gates & Ellis
- Helga Morgenstern, WSDOT Finance and Administration

- Eric Meale, WSDOT Economics Division
- Aubrey Davis, Washington Transportation Commission
- Jerry Ellis, WSDOT Economic Initiatives
- Greg Hanon, Western States Petroleum Association
- Mark Hallenbeck, University of Washington TRAC
- Rob Fellows, WSDOT Office of Urban Mobility
- Mike Hoover, Senate Republican Caucus
- Chris Endresen, Puget Sound Regional Council
- John Palmer, Environmental Protection Agency
- Doug Howell, Center for Energy and the Environment
- Rob McKenna, Metropolitan King County Council
- Connie Marshall, Bellevue City Council

During each meeting, time was provided on the agenda for members of the public to address the committee. At numerous meetings, citizens and stakeholders came forward to speak to the committee.

Committee members evaluated the information received and formulated findings that were presented to their fellow Commission members in September 1998. The findings were organized into six sections: the transportation funding structure; the distribution of state gas tax to the state, cities and counties; local transportation funding; non-traditional funding mechanisms; market mechanisms and user fees; and public opinion on transportation funding.

In summary, the findings highlighted two broad themes. The first was a set of observations about the structure of the funding system, including findings that restrictions built into the various fund sources make the system inflexible and unresponsive to changing conditions. The second was a finding that the current funding system generates insufficient revenues to keep pace with the growing system, and in some cases, even fund the basic maintenance and preservation of what already exists.

After conclusion of the findings phase, committee members turned their attention to the development of potential solutions. The committee began by brainstorming a comprehensive list of all of the potential ideas that had been brought forward. At several meetings, members discussed and debated overarching principles that should guide a comprehensive set of options as well as goals and criteria that could be used to evaluate options. Additionally, members discussed various sorted and prioritized versions of the complete options list, determining which options had a high likelihood of being included in a final list, which ones required further study and refinement and which ones had a low likelihood of being able to achieve the group's agreement.

Committee members did not spend time deliberating on funding levels, either in general terms or with respect to specific sources. They felt that structural improvements to the system and more efficient use of existing resources had to be demonstrated first, before new revenue levels could even be considered. Members also believed that current planning and priority-setting processes needed greater focus on coordinated identification of highest priority investment needs. Any

consideration of new revenues should be deferred, they felt, until cost efficiencies and priority investments had been identified by the Administration and Investment Strategies Committees.

The preliminary options list was presented to the full Commission at its May 2000 retreat and to the public in the Revenue Committee Interim Report. The options were then refined at the direction of the Commission and synthesized into the report Draft Accords and Options.

Relationship of Recommended Package to Findings

Following are highlights of the findings on transportation funding, as adopted by the Blue Ribbon Commission on Transportation at its October 1999 meeting:

The transportation funding structure. Washington's funding structure is characterized by a high degree of fund dedication with numerous restrictions and a system that is not very flexible or responsive to changing conditions. The revenues generated by the gas tax, the largest single source of funds, do not keep pace with inflation. Overall, there is an insufficient level of funding for the roadway system at the state, county and city levels as well as for alternative modes such as transit, passenger and freight rail, and trip reduction programs. The restrictive categories, together with differing priorities and inequities in access to funds, have limited the ability to use available funds in the most efficient ways.

The distribution of gas tax to the state, cities and counties. Gas tax levels allocated to the state, counties and cities do not reflect actual roadway responsibilities and are not regularly evaluated to determine if conditions are changing. Allocation levels also do not reflect changing demographics. Funding levels are not regularly adjusted to meet the needs of the system.

Local transportation funding. The state, counties and cities are treated differently with respect to their access to dedicated transportation sources. The state and counties rely entirely on dedicated funds for transportation, while cities are required to fund a significant portion of their local transportation needs out of their general funds. Cities and counties are unable to fully meet even basic maintenance and preservation needs.

Non-traditional funding mechanisms. Mechanisms such as local improvement districts and tax increment financing are little used in their current forms because of high implementation costs and restrictive statutes. However, such mechanisms could generate new revenue streams and leverage the capital and development techniques of the private sector.

Market mechanisms and user fees. Market pricing mechanisms such as fuel fees, parking charges and road pricing are tools that could be effective in redressing an existing imbalance between infrastructure needs and financial capacity. Use of market mechanisms could reduce demand while generating significant new revenues.

Public opinion on transportation funding. Many members of the public are skeptical that there are large unfunded needs and feel that existing money is not being spent wisely.

However, polls indicate that voters believe that spending will need to be increased to maintain and improve the system.

These findings were used by the Revenue Committee to develop, first, a set of principles and goals for any future revenue-related recommendations, and then, a list of revenue options that address the findings and are guided by the goals and principles.

As it learned about the transportation funding system, the committee found that there are historical elements of the system that were once appropriate but may no longer meet the needs of transportation in Washington today and in the future. Yet when the committee began deliberating on how to change such elements, it quickly learned that each existing funding source and its specific distributions and restrictions balance other parts of the system in a delicate network of relationships. To change just one part of the system can have dramatic consequences that ripple through the entire structure. (Thus for example, the elimination of the motor vehicle excise tax (MVET) by voter initiative last year left a gap in transit funding that was disproportionate to the funding for other modes).

The committee chose to recommend a limited set of structural changes to make more efficient use of existing and future funding. It was not a wholesale overhaul, but rather developed options selectively to address specific problems. Options were considered and retained if they were felt by at least several committee members to address findings in a significant way. For example, changes to the numerous dedicated funds and accounts were not recommended after considering the very small amount of money involved and the very specific purpose being met by some of these accounts.

Relationship of Recommended Package to Benchmarks, Investment Plan and Administrative Reforms

The Benchmark Committee, Investment Strategies Committee and the Administration Committee of the Blue Ribbon Commission worked in parallel to the Revenue Committee on the following tasks:

- The Benchmark Committee analyzed, developed and recommended a set of quantifiable goals for the state's transportation system. These goals are intended to communicate to the public what will be achieved by the investment plan and how the state's vision of a first-class transportation system can be translated into measurable outcomes.

- The Administration Committee researched and made recommendations in four topic areas related to improving the accountability and efficiency of our transportation system: governance, project delivery, operation and maintenance, and permit reform.

- The Investment Strategies Committee developed options for addressing five broad areas of investment: needs exceed funding, congestion, maintenance and preservation of transportation facilities, economic development and land use. The committee then prepared an investment plan of policy guidelines, priorities and illustrative projects designed to achieve the benchmark targets.

The Revenue Committee's recommended package is directly linked to the work of the three other committees and provides the funding tools and revenue streams to make the work of the other committees reality. While the benchmarks, investment plan and administrative efficiency recommendations are being decided at the same time as this revenue package will be put together in its final form, the work has proceeded for many months in close coordination of the various efforts.

The months of July through October 2000 were spent conducting a detailed fiscal analysis of the various structural reforms of the transportation funding system as well as the new revenue options. Early on, it became clear that it was the intent of the Blue Ribbon Commission to achieve savings through administrative reforms and accountability and those savings were estimated and included in the fiscal analysis. As options for regional governance and priority programming were being developed, their fiscal impacts were analyzed and incorporated into the financial scenarios. As the Commission's investment priorities began to take shape and as corridors and projects in each region were identified for inclusion in the investment plan, the magnitude of the revenue need began to emerge and scenarios for the revenue package could be modeled.

To provide flexibility in the choice of revenue sources and the potential return from each, and their respective roles in funding an investment plan at various levels, the fiscal analysis was conducted in three scenarios: high, medium and low. The high scenario was the most wide-ranging in its use of a number of revenue and reform options to generate the most aggressive efficiencies and revenue streams. The low scenario was a conservative approach that relied on fewer structural changes and a much smaller number of potential revenue sources. The analysis of revenue options is discussed in detail below.

Revenue Committee Principles and Goals

The committee discussed and agreed upon the following goals and general principles for its revenue options.

Goals/Criteria

Simplification. Any revenue measures should contribute to streamlining and simplifying the existing transportation funding structure and avoid further layering of fund restrictions. Grant programs should be consolidated and grant criteria loosened.

Flexibility. Funds should be able to be used across all modes for the best possible mix of projects.

Equity. The access to funds among governmental jurisdictions and transportation modes should be equitable and not favor certain parts of the system. Establish funding and investment equity among regions of the state.

Stability. Funding sources should be predictable and keep pace with the economy.

Public understanding. The funding structure should be understandable to lay people and sources should be clearly linked to functions in ways that are easy to explain.

Principles

Create a system that makes sense to the public:

- Treat transportation like other basic infrastructure, i.e.,
  - ensure basic operation and maintenance is adequate
  - ensure that growth and change over time can be addressed
  - use long-term financing to pay for facilities that have a long-term useful life
- Link transportation-related taxes to transportation purposes that are easily understood
- Shift funding focus to user fees--those who use the system should also pay for it
- The revenue system should consider the movement of people and goods and the impacts of mobility on the economy

Create a funding structure that is rational and efficient:

- Treat the state, counties and cities comparably in how their transportation facilities are funded
- Shift funding focus from jurisdictions to functions (maintenance, safety, mobility, etc.) and to corridors and facility clusters
- Simplify grant funding by loosening restrictions
- Recognize differential regional needs, both rural and urban
- The revenue system should not only raise revenues, but also focus on mobility; harness the force of markets in funding improvements in congested areas

Framework for Selection and Analysis of Options

A matrix summarizing the framework and revenue potential of the various options is provided as ***Attachment 1***. The framework is characterized by two main features. First, it separates funding options into two sets of functions:

- *basic functions* that preserve the transportation system that exists today, and
- *improvements* to the system that are necessitated by growth, new standards, or a desire to make more efficient use of facilities.

In accordance with the Blue Ribbon Commission's stated policy of ensuring that we preserve what we have, a set of mechanisms and reforms are offered that will ensure efficient funding of the "basics" at all levels of the transportation system, the state, counties, cities and transit agencies. (The basics are defined as operation, maintenance, preservation and safety.) Policies and revenue sources for funding improvements, on the other hand, are intended to be more flexible and more able to be tailored to the circumstances of individual regions and localities.

Second, the framework offers high, medium and low scenarios with a variety of revenue options that can be "mixed and matched" to achieve different distributions and levels of funding. This

allows members of the Commission to consider various combinations of sources at different levels before selecting a final package.

Most of the original options considered by the Commission at its May 2000 retreat were included in the analysis and seriously considered by the Revenue Committee. A few of the Revenue Committee's original options have been set aside, either because the benefit offered was too small, the implementation feasibility too large or public feedback too skeptical of the merits of an option to make further consideration worthwhile. No option was set aside that had significant support and would have significantly benefited even a single part of the transportation system.

Virtually all of the options have numerous sub-options and variations that could have been analyzed. Only a limited number of permutations were considered by the Committee and are described here. It is assumed that any package ultimately adopted and recommended by the Blue Ribbon Commission will set a policy direction for the Governor and the Legislature but will not spell out in detail the exact means of implementation or distributions. Policy makers will have to decide if more detailed analysis of any part of the recommended package will make it more acceptable in a legislative setting or in the public arena.

Restructuring and Policy Options

Efficiencies. The Administration Committee determined that savings could be achieved in at least three areas: administrative overhead, operation and maintenance functions and project delivery. Estimates of potential savings at the state, county, city and transit agency levels range from 5% to 10% in each area, based on pre-I695 spending levels (estimates in 2000 $).

		Administration		O&M		Project Delivery	
		10%	5%	10%	5%	10%	5%
State		$12 M	$6 M	$36 M	$18 M	$60 M	$30 M
County		$10 M	$5 M	$24 M	$12 M	$22 M	$11 M
City		$6 M	$3 M	$18 M	$9 M	$26 M	$13 M
Transit districts*		$10 M	$5 M	$100 M	$50 M	N/a	N/a

* Transit efficiencies already achieved post-695.

Potential savings in administrative costs range from $19 to $38 million in the first year; additional savings should be achieved incrementally in subsequent years until the benchmark of top quartile in administrative efficiency has been achieved. Potential efficiency savings in operating and maintenance spending range from $89 to $178 million, staged over several years. Similarly, potential savings range from $54 to $108 million over several years in project delivery efficiencies derived from permitting reform, design/build contracting techniques and other reform measures. Total potential savings could thus yield up to $324 million in freed up funds across the major jurisdictions.

Changes in distribution of the gas tax and other highway funds. A number of gas tax distribution elements and scenarios were considered and became part of the Committee's recommendations.

- ***Baseline funding of all roadways.*** To preserve existing infrastructure, and to ensure stable funding of state, city and county road maintenance and preservation, adequate baseline funding from state sources should be provided to all jurisdictions. Fund distribution should be based on formulas that take into consideration miles of roadway, type of pavement and utilization. Funds should be tied to the use of street inventories and pavement management systems and to requirements that local funds not be supplanted.
- ***Fewer grants, more pass-through funds***. To reduce costs associated with grant preparation and selection processes, and to ensure more stable funding of city and county road maintenance and preservation, some funds that have been previously distributed through the Small City Account and the Urban Arterial Trust Account could be shifted to a pass-through format. Any other grant funds previously used to fund preservation projects could be freed up for other kinds of investments.
- ***Distribution formulas that respond to changing jurisdiction and demographics***. Future distributions of gas tax and other highway funds to counties and cities are assumed to be determined not by county and city category, but geographically. Funds would be distributed according to a new formula to counties based on a combination of road miles and other factors, then to cities within each county. As incorporations and annexations occur, the allocation between a county and the cities within it would shift.
- ***Distribution formulas that respond to city demographic factors***. Gas tax distributions to cities are assumed to be based on a combination of factors, including street miles, arterial miles, population, employment, pavement type and usage, not on population alone as it was done in the past.

Attachment 2 provides a summary of the rationale for restructuring and an analysis of several hypothetical scenarios using different distribution factors.

Regional priority programming. Federal dollars previously allocated to the state, regions and local jurisdictions would be pooled and prioritized by region. Entities within a region would develop agreements on how federal dollars should be used.

- The shift will meet the BRCT goal of focus on facility clusters and major corridors. Federal dollars could be concentrated on fewer and larger projects and would no longer flow to smaller jurisdictions.
- Consolidation would allow flexible mixing and matching of funds for various purposes and modes.
- To offset funds that small jurisdictions previously received, there would need to be an increase in direct distributions (see option on gas tax distribution above).
- Federally funded projects would be managed by only the largest jurisdictions, e.g. those that are CA designated ("certification accepted"). Administration of federal funds would continue to be located at WSDOT, as required by federal law.

Consolidated and simplified grant procedures. Federal and state grant programs should be coordinated such that any given project need apply only once to all programs. A single application form and process would gather project information and allow projects within a region

to be compared and prioritized on a comprehensive set of criteria. One-stop grant funding centers could evaluate projects, award funds, and disburse and manage funds under regional priority programming agreements.

Regional equity reallocation. A three-tiered regional equity principle was proposed and recommended by the Committee: 1) allocate sufficient funds to basic operations, maintenance, preservation and agency overhead at a minimum agreed upon level for the state highway systems from state funds; 2) allocate remaining state funds such that they *primarily* benefit the region in which funds are generated; 3) allocate all funds regionally authorized for that region's benefit.

Scenarios were analyzed under which, at the second tier, a minimum return of 90%, 85%, 80% or 75% would be guaranteed to each region. ***Attachment 3*** shows these scenarios. In the Puget Sound Region, which in the past has been the largest donor region, an 85% return scenario would guarantee $6.0 billion in funds for spending in that region over 20 years, unlike the current Highway System Plan which would allocate about $4.8 billion to the region. The unallocated remaining statewide funds could be deposited into an "equalization" fund and distributed to regions which would otherwise have a negative return. Under the 85% return scenario, $614 million would be available to the equalization fund.

Ferry tariff restructuring. Parallel to the work of the Blue Ribbon Commission, a Joint Ferry Task Force has been developing funding and service strategies to replace the Washington State Ferries funding lost under Initiative 695. The work of a sub-group, the Ferry Tariff Policy Committee has recommended a three-part restructuring of ferry fares to meet a portion of the shortfall. The tariff changes include: a new time-based route equity structure, premium pricing for passenger-only service and a new, more aggressive 80% farebox recovery policy (80% of ferry operations funded by fares), phased in over six years. A longer-term strategy could seek to achieve a 20-year goal of 90% to 100% farebox recovery. A 90% farebox recovery policy would mean an aggressive program of fare increases over 20 years and would yield over $1 billion in new operating revenues for WSF. The Revenue Committee endorsed this restructuring proposal and recommended it to be part of its package of recommendations.

Options to Generate New Revenues Statewide

Following is a description of the major revenue-generating options considered by the Committee for statewide and regional and local use. Attachment 1 is a matrix illustrating these options and identifying potential revenues at example tax levels. The matrix is not intended to be a package of recommendations, but rather to lay out in an easy-to-use format the elements of a package with potential revenues for comparison purposes. The matrix was intended for Committee member use in mixing and matching elements and deliberating the components of a total package.

General fund transfer of sales taxes on transportation. Given the strong recent growth in the economy, the Committee considered a possible shift of some surplus General Fund revenues to transportation without cutting into education or other important general programs. To alleviate concerns that these funds would be needed in the future if the economy slows, an annual re-authorization of these funds based on revenue forecasts under the 601 spending limit could be included as part of the proposal. At a given growth rate threshold, the funds would revert to the

General Fund. In the November 7, 2000 election three statewide initiatives passed that have the effect of reducing or eliminating the General Fund surplus, one an initiative reducing the property tax growth rate and two requiring additional spending for education. The committee chose to place a General Fund transfer "within available capacity" on its list of recommendations anyway to urge the Legislature to consider use of existing funds for transportation.

In 1999, estimates of transportation-related sales tax revenues included taxes paid on construction in the following areas:

State highway and ferry construction	$30 million
City and county street and road construction	$34 million
Transit construction	$21 million

It is assumed that if transferred to transportation purposes, this source could generate some $85 million per year in new revenue, increasing as new construction is authorized and funded. Over 20 years this amount could grow to $1.7 billion or more and could be bonded. A much more aggressive approach that tapped General Fund sales taxes from the sale of new and used vehicles, accessories and parts could generate as much as $16 billion over 20 years.

This revenue source has a number of clear advantages: it is an existing source (not a new tax) already directly linked to transportation-related purposes. Additionally, as a general purpose tax it would most likely not be subject to the 18th Amendment and could thus be used across all modes. The sales tax is based on the underlying price of goods sold so carries the additional benefit of growing with the economy and with inflation.

Weight-based user fee. A new weight-based user fee was proposed for consideration that would replace a portion of the MVET lost under Initiative 695. This annual fee could be dedicated to operation, maintenance and preservation of the transportation system and would be justified as directly linked to the wear and tear imposed on the system by vehicles. The mechanism established a user fee that would be applied to all categories of private vehicles from small cars through commercial trucks, however public service vehicles such as transit buses, and police and fire vehicles would probably be exempted.

A number of scenarios for calculating the fee were developed and analyzed. They included a graduated fee based on replacing a portion of MVET revenue by vehicle category and size as well as a flat fee per pound of vehicle weight. The weight-based fee proposed for consideration was a flat fee, restricted by the 18th amendment to highway purposes. At a rate of one cent per pound ($40 per year for a 4,000-pound compact car), this source could generate $8 billion over 20 years (in year 2000 dollars). At this level, the fee would replace somewhat less than half of the MVET revenues lost under I-695.

At its last meeting, the Committee proposed and added to its list of recommended sources a new variant on the weight-based fee, namely the extension to all passenger vehicles of the existing gross weight fee on trucks. This option carried the benefit of avoiding duplicative gross weight fees on trucks and commercial vehicles, and offered the simplicity of extending an existing mechanism. The additional revenue generated by extending the gross weight fee was estimated to be about $3,813 over 20 years in year 2000 dollars.

Indexing the gas tax. The current 23 cent state gas tax would be allowed to increase automatically at a rate equal to the implicit price deflator (IPD) index[4], however provide that it should not rise more than a certain percent in any given year. Applying a uniform IPD factor to the current 23 cent gas tax would generate $5 billion in new revenues over 20 years (expressed in 2000 dollars). At the end of 20 years, the gas tax would be at approximately 47 cents per gallon, although its purchasing power would be the same as today's 23 cents.

Some public feedback was received by the Commission opposing the automatic indexing of the gas tax. Many felt that legislative policy makers should retain control over the decision to raise taxes. Thus, as a more conservative alternative, a scenario was developed that assumed the legislature, at its discretion, would authorize inflationary adjustments. If carried out consistently each biennium and rounded to the nearest half cent, this scenario would generate slightly less revenue at $4.9 billion over 20 years. The Revenue Committee at its last meeting did not recommend indexing the gas tax as it preferred to place greater emphasis on other sources. However, it did urge the Legislature to examine all transportation revenue sources at least biennially and ensure that they are keeping pace with inflation and with growth according to benchmarked trends.

Gas tax increase. High, medium and low scenarios were generated to illustrate varying levels and phasing strategies for fuel tax increases. Expressed in 2000 dollars, the scenarios would rise at the following increments and generate revenues as follows:

	2001	**2005**	**2009**	**2013**	**Total revenue**
High—14 cents	5 cents	3 cents	3 cents	3 cents	$5.1 billion
Medium—10 cents	4 cents	2 cents	2 cents	2 cents	$3.7 billion
Low—6 cents	3 cents	1 cent	1 cent	1 cent	$2.4 billion

If it were assumed that the increased gas tax level were also subject to automatic indexing for inflation as described above, an additional $1.6 billion, $1.2 billion and $8000 million would be generated, respectively.

Sales tax on gas. The full price of a gallon of gasoline already includes state and federal motor fuel taxes. Thus a sales tax on the full price of gas would represent double taxation, which was considered objectionable by a number of Committee members. This proposal assumes that the sales tax would be imposed on the base commodity price and the proceeds dedicated to all transportation purposes.

A typical recent gas price has been $1.80 per gallon. At a gas tax rate of 41.4 cents per gallon (23 cents state, 18.4 cents federal), the recent commodity price has been about $1.40 per gallon. Assuming a typical sales tax rate of 8.2% were imposed at the retail pump, it is forecast that $8.7

[4] The IPD index used in all calculations is the Implicit Price Deflator for Personal Consumption Expenditures. It is the same index used in the calculation of the 601 Fiscal Growth Factor and in the property tax limit approved in the passage of Referendum 47.

billion would be generated in new revenues. This represents the equivalent of an 11.5 cent per gallon gas tax increase. A 15-gallon tank full of gas would cost $1.72 more. A user who buys 30 tanks of gas a year would pay $52 more per year.

The sales tax on gas would have the benefits of most likely not being subject to the 18th Amendment and thus producing a flexible new funding source. It would grow with the economy and would not have the drawback of being eroded by inflation. Yet it would have the characteristic of being linked directly to fuel consumption and thus be considered a user fee similar to existing fuel taxes.

Surcharge on transportation-related goods. An option was proposed for Committee consideration that involved a one-time excise tax on transportation-related goods, including new and used vehicles, auto parts and accessories, tires, batteries and similar products. Two versions of the surcharge were considered, one at the retail level, the other at wholesale. The Washington State Department of Revenue provided data on the retail tax base for these products, which was estimated at $13.3 billion statewide in fiscal year 2002. Adjusted for year 2000 dollars, a 1% surcharge on this tax base would generate $125 million at the retail level or $106 million at the wholesale level.

An objection to imposing the surcharge at the retail level was the possibility of errors and difficulty at the point of sale at locations that sell both products subject to the surcharge and those not subject to it. For that reason, the Committee opted to recommend the surcharge at the whole sale level.

Statewide sales tax increase. This proposal would authorize an increase in the general state sales tax, the new revenue to be dedicated to transportation improvements, including roads, ferries, freight mobility, transit and trip reduction. Modes would be able to compete against each other for best use of funds in each region. A one-tenth increase in the sales tax (e.g. 8.2 % to 8.3%) would generate $90 million statewide in new revenues in the year 2000. This one-tenth sales tax increase is forecast to yield $2.1 billion statewide over 20 years (2000 dollars).

While it is a productive source that paces the economy well, a general sales tax for transportation would have the drawback that it does not establish a clear link with transportation use and thus cannot be as well justified as a user fee as can other sources described above. Revenue Committee members also expressed concern that, cumulatively, the various authorizations for sales tax increases at the state, regional and transit district levels were pushing this source to levels that could be unsustainable. Additionally, transit proponents argued that a general sales tax increase would put pressure on the ability of local transit districts to use their local authority which relied so heavily on this one source. For these reasons, the Committee chose not to recommend this mechanism as one of its new revenue sources.

Regional and Local Options to Generate New Revenue

Regional sales tax increase. A regional sales tax option, authorized to new regional entities, could supplement the three-tenths already authorized by the Legislature to transit districts in the 2000 session. A general one-tenth sales tax increase in the 4-county Puget Sound Regional

Council region would generate $1.3 billion over 20 years (2000 dollars) and in the 2-county Spokane Regional Transportation Council region $147 million.

This source would not work well for some regions that border adjacent states that do not impose a sales tax (Clark County would be a prominent example). However, it could be a useful element in a "tool kit" of options that might be implemented in some parts of the state.

Expanded authority to use existing HCT taxes. At its last meeting, the Revenue Committee added a new option that had not been previously considered. The proposal was to take the existing high capacity transportation taxes (sales tax at 1%, MVET at 0.8% and employer tax of $2 per employee) and authorize them to all regions of the state for all transportation purposes. The proposal would exempt the three-county Central Puget Sound Regional Transit Authority (Sound Transit) which has already committed to using a portion of these taxes for its light rail, commuter rail and regional express bus program. Spokane and Clark Counties which have authority to use these sources under current law and have begun planning for light rail in their urban areas would be given the option to reserve the sources for HCT or use them for all transportation purposes including roads.

In the regions of the state already authorized to use HCT taxes (Spokane, Clark, Thurston, Kitsap and Yakima) the 1% sales tax was estimated to generate $3,162, the MVET $1,142, in 2000 dollars over 20 years. Both sources have the benefit of being flexible for use on all modes of transportation and could create significant new local capacity in addition to existing local option taxes already in place, this enhancing the toolkit available to regions.

Regional VMT charge. This option assumes the development of a program to impose a charge based on vehicle miles traveled (VMT) within a congested region. The amount authorized could be up to 2 cents per mile and collection would be on the honor system the first year or so and subject to odometer checks in subsequent years.

Each vehicle owner would be required to estimate annual miles traveled within the region imposing the charge, but no more than 10% less than the number of miles reported to the vehicle owner's insurance company. The mileage fee could be paid once a year at the time of vehicle license renewal or it could be collected on monthly billings under agreement with a telephone or other utility company.

At one-cent per mile, it was calculated that $4.4 billion could be generated in the 4-county Puget Sound region over 20 years. At that level, a user traveling 10,000 miles per year in the region would pay $100 per year. If collected on utility bills, a charge of $8.33 would be added to monthly light or heat bills. This type of fee introduces a strong incentive to vehicle owners to reduce the number of miles traveled each year and could have a demand management effect as well as generate substantial new revenues.

There would be a number of implementation issues and equity issues to resolve to make this kind of a fee workable. The impact on commercial trucking and freight movement would need to be examined as would the effect on lower income individuals who must travel longer distances to find affordable housing. It is likely that the Puget Sound region with its high degree of congestion would be the standard bearer for any demonstrations of this new mechanism.

Regional congestion pricing. Congestion pricing was understood to mean a range of pricing mechanisms including electronically imposed, variable charges for use of congested facilities. It could include any of the following: tolls on individual facilities; HOT lanes that are reserved for high occupancy vehicles but allow SOVs to travel for a fee; or regional, electronically monitored pricing of major corridors. It is assumed that probably only one or two congested urban areas of the state would attempt to implement any of these variants, but inclusion in a tool kit of options might spur experiments and demonstrations around the state.

A recent study by the Puget Sound Regional Council found that a comprehensive congestion pricing network based on the principle arterials of the four-county region could generate up to $1.5 billion in new revenues per year or $30 billion over 20 years. The power of pricing to reduce demand as well as to generate revenue is believed to be enormous, but numerous implementation strategies would need to be developed to make this a viable technique. The Committee recommended that the Legislature authorize the development of congestion pricing pilot projects and programs at the state, regional and local levels.

Local tax increment financing. New tax increment financing authority based on the sales tax, the B&O tax or other sources should be authorized. Revenue assumptions would be highly variable and depend on the nature of the local improvement being developed.

Attachment 4 is an issue paper that describes recent legislative proposals to introduce bills and amend existing authority, and provides descriptions of the use of this mechanism around the country.

Local vehicle license fee increase. The VLF is a local option currently authorized to counties at $15 per vehicle per year. Revenues are shared based on a population formula between the county and cities within the county. Only four counties have imposed this fee, Snohomish, King, Pierce and Douglas. Several counties have imposed it only to have it repealed by referendum of the voters in the affected county.

This proposal authorizes increases in the existing VLF up to $100 per vehicle per year. If imposed to its maximum authorized level, it could generate more than $100 million per year in King County or up to $400 million annually if imposed by all counties. If imposed by all counties, this fee could generate up to $8 billion in new revenues over 20 years.

The recommendation adopted by the Committee urged the Legislature to amend the existing VLF statute to repeal the referendum provision and to allow cities to use the mechanism if the county in which the city is located has not done so within five years of enactment.

Bonding Programs

The Committee assumed that at the state and regional levels, major improvements would be funded in part by proceeds from bonds. One of the principles of transportation funding adopted by the Committee early on was that long-term financing should be used to pay for facilities that have a long-term useful life. Thus a facility can be built when needed and paid for over time by several generations of users who will benefit from the facility's existence.

Bonds would be backed by revenue streams as described under individual sources. Attachment 5 describes the State's general obligation (GO) bonding program as well as a state-administered local government bonding pool. Due to the state's strong and increasingly well-diversified economy, Washington enjoys historically low interest rates of about $5.6% on its GO debt.

A new regional authority, if created in the Puget Sound region or other parts of the state, could issue one of two kinds of debt: Limited Tax General Obligation (LTGO) bonds or revenue bonds. These would likely carry a slightly higher interest rate. Local governments are able to issue GO debt based on their local taxing authority and on constitutionally established debt limits. Many local governments, however, have been historically averse to debt and have not taken full advantage of its potential.

Recommendation for a Revenue Package

The following goals, principles and recommendations were adopted by the Revenue Committee on November 22, 2000.

Goals and Guidelines for Transportation Funding

Simplification. Streamline and simplify the existing transportation funding structure and avoid further layering of fund restrictions. Grant programs should be consolidated and grant criteria loosened.

Flexibility. Enable funds to be able to be used across all modes for the best possible mix of projects.

Equity. Ensure access to funds among governmental jurisdictions and transportation modes is equitable and does not favor certain parts of the system. Establish funding and investment equity among regions of the state.

Stability. Ensure that funding sources are predictable and keep pace with the economy.

Public understanding. Make the funding structure understandable and clearly link sources to functions in ways that are easy to explain.

Funding Principles

Create a system that makes sense to the public:

1. Fund transportation like other basic infrastructure:
   - ensure basic operation and maintenance is adequate;
   - ensure that growth and change over time can be addressed;
   - use long-term financing to pay for facilities that have a long-term useful life.

2. Link transportation-related taxes to transportation purposes that are easily understood.

3. Shift funding focus to user fees--those who use the system should also pay for it.

4. Recognize differential regional needs, both rural and urban.

Create a funding structure that is rational and efficient:

5. Shift funding focus from jurisdictions to functions (maintenance, safety, mobility, etc.) and to corridors and facility clusters.

6. Simplify grant funding by consolidating grants and loosening restrictions.

7. Focus the revenue system not only on raising revenues, but also on mobility. Harness the force of markets in funding improvements in congested areas.

More Efficient Use of the Current Funding System

8. Require WSDOT, counties, cities and transit to demonstrate progress toward achieving benchmark efficiencies as a condition of receiving some portion of new baseline funding.

9. Require cities, counties and transit to demonstrate that they are not supplanting existing transportation funds as a condition of receiving new funding.

10. Direct a baseline allocation of adequate funding to operation, maintenance, preservation and safety functions for state highways, county roads, city streets, transit, ferries and alternate modes.

11. Require all agencies and jurisdictions to demonstrate the use of maintenance management systems and pavement management systems as a condition of receiving their baseline allocation of funding.

12. Require WSDOT, cities and counties to demonstrate, after an initial period of three years, that their preservation investments are based on lowest life cycle cost principles as a condition of receiving funding.

13. Require that available grant programs do not fund preservation projects that are already funded out of baseline fund allocations.

14. Distribute pass-through funds according to a new formula that directs funds on a geographic basis to counties, and cities within counties; takes into account lane miles, classification and pavement type, population and utilization (for example, VMT); and is adjusted for changes in road jurisdiction at least once every five years.

15. Develop a new method for joint regional programming of federal funds, with the state, local jurisdictions, transit agencies and other stakeholders participating in a regional prioritization process that directs federal funds to major corridors and facility clusters.

16. Require that federal funds be managed only by jurisdictions and agencies that are "certification accepted."

17. Create one-stop grant funding centers where all competitive funds, whether federal or state, are disbursed under regional priority programming agreements and administered using a single application process.

18. Adopt a regional equity principle for distribution of new funds to regions of the state, based on the following three-tiers:
    - allocate sufficient funds statewide to all regions for basic operations, maintenance, preservation and safety at a minimum agreed upon level;
    - allocate all other funds such that each region is guaranteed a minimum return of 85% of funds generated in that region, and allocate remaining funds to a statewide equalization fund to be distributed to negative equity regions; and
    - allocate all funds regionally authorized directly to the region in which they are generated.

19. Adopt the Ferry Tariff Policy Committee's recommendation on a new ferry tariff policy, including a new time-based route equity structure, premium pricing for passenger-only service and 80% farebox recovery, phased in over the next six years. Seek to achieve a 20-year goal of 90% to 100% farebox recovery.

Revenue Measures

20. Develop a package of new revenues to fund a comprehensive multi-modal set of investments, which taken together with the recommended efficiency measures and reforms, will ensure a 20-year program of preserving, optimizing and expanding the state's transportation system. The Revenue Committee recommends a combination of the following revenue measures to comprise the elements of such a package:

    - Efficiency measures at the state, county, city and transit agency levels;
    - Transfer from the state General Fund transportation-related sales taxes, within the capacity determined to be available;
    - Authorize the extension of the existing gross weight fee to all vehicles that use the roadway system, including passenger cars, sport utility vehicles and recreation vehicles;
    - Authorize a surcharge to the existing gross weight fee for trucks, the proceeds to be dedicated to freight mobility improvements;
    - Increase the motor fuel tax;
    - Extend the existing state and local sales tax to purchases of motor vehicle fuels and dedicate the proceeds to transportation purposes;
    - Authorize a new surcharge on the wholesale sale of new and used vehicles, auto parts and accessories, the proceeds to be dedicated to transportation;

- Adopt a new ferry tariff policy that includes premium pricing for passenger-only ferry service, regional route equity pricing; also adopt a new farebox recovery policy of 80% within six years and 90% within 20 years;
- Authorize a local option vehicle mile traveled (VMT) charge to be used by regional entities in congested regions of the state, and to be imposed on all vehicles registered in such a region;
- Authorize the use of the existing local option high capacity transportation taxes for all transportation purposes to all regions except the Central Puget Sound Regional Transit Authority;
- Authorize to regions a regional sales tax, dedicated to all transportation purposes.
- Expand the authority of counties to impose the local option motor vehicle license fee; repeal the referendum provision; and authorize cities to impose the fee if the county in which they are located has not imposed the fee within five years of enactment;
- Authorize bonding programs at the state and regional levels to achieve the funding levels determined to be needed.

21. Authorize to the state and to regional entities the implementation of all forms of congestion pricing, including region-wide pricing, pricing on individual facilities, and the use of high-occupancy toll (HOT) lanes.

22. Examine and, if appropriate, authorize the bonding of federal funds.

23. Examine and authorize the expansion of tax increment financing as a tool for transportation and other development projects.

24. Examine all transportation revenue sources at least biennially and ensure that they are keeping pace with inflation and with growth according to benchmarked trends.

Blue Ribbon Commission on Transportation

Revenue Committee Final Report

Attachment 1

Framework for Fiscal Analysis of Revenue Options

(Millions of 2000$)

The Basics -- Preserving What We Have

State, counties, cities, transit	High Scenario	Medium Scenario	Low Scenario	20-Year Revenue High	Medium	Low
Options 18, 36	Efficiency savings--administration, O&M @ 10%	Efficiency savings--administration, O&M @ 5%	note: estimated only**	106	53	
Option 30	Index 23 cent gas tax, automatic annual IPD increases	IPD adjustments to 23 cent gas tax by legisl. policy (biennial, rounded to .5 cents)		5,009	4,891	
Option 31	New weight-based user fee @ 1 cent / lb*	New weight-based user fee @ 0.5 cent / lb*	note: estimated only**	6,885	3,443	
	Extend current gross weight weight to all vehicles			3,813		
Option 49c	Transfer from General Fund all sales tax on transportation*	Transfer from General Fund sales tax on transportation construction*	note: estimated only**	16,600	1,700	
	Ferry farebox @ 80% recovery short term & 90% long term			1,016		
				33,429	10,087	

Improving the Transportation System

	High Scenario	Medium Scenario	Low Scenario	20-Year Revenue High	Medium	Low
State						
Options 38-45	Efficiency savings-- project delivery @ 10%	Efficiency savings-- project delivery @ 5%	note: estimated only**	108	54	
Options 30, 47	Gas tax incr. @ 14 cents (5-3-3-3 phased at years 1, 5, 9 & 13)	Gas tax incr. @ 10 cents (4-2-2-2 phased at years 1, 5, 9 & 13)	Gas tax incr. @ 6 cents (3-1-1-1 phased at years 1, 5, 9 & 13)	5,097	3,739	2,381
Options 30, 47	Gas tax incr. @ 14 cents with indexing	Gas tax incr. @ 10 cents with indexing	Gas tax incr. @ 6 cents w/ indexing	1,611	1,205	800
Option 31	New weight-based user fee @ 1 cent / lb*	New weight-based user fee @ 0.5 cent / lb*		see above		
Option 49a	New statewide sales tax for transportation (.2%)	New statewide sales tax for transportation (.1%)	New statewide sales tax for transportation (.05%)	4,212	2,106	1,053
Option 49b	Sales tax on gas ($1.40 x 8.2% = 11.5 cent per gallon increase)			8,733		
Option 49c	Transfer from General Fund all sales tax on transportation*	Transfer from General Fund sales tax on transportation construction*	note: estimated only**	see above		
	New surcharge on transportation-related goods @ 2%	New surcharge on transportation-related goods @ 1%		4,220	2,110	
Subtotal				23,981	9,214	4,234

Improving the Transportation System (continued)

	High Scenario	Medium Scenario	Low Scenario	20-Year Revenue High	Medium	Low
Regional/PSRC						
Option 51d	Regional sales tax increase @ .8%	Regional sales tax increase @ .4%	note: estimated only**	10,248	5,124	
	Extend current HCT sales tax @ 1% to all transportation / all regions	Extend current HCT sales tax @ 0.5% to all transportation / all regions	note: estimated only**,***	3,162	1,581	
	Extend current HCT MVET @ 0.8% to all transportation / all regions	Extend current HCT MVET @ 0.4% to all transportation / all regions	note: estimated only**,***	1,142	571	
Option 34a	VMT charge @ 2 cent / mile	VMT charge @ 1 cent / mile	note: estimated only**	7,230	3,615	
Options 34b, e, f	Congestion pricing (20 years)	Congestion pricing (10 years)	note: estimated only**	30,000	15,000	
	Tax increment financing	Tax increment financing	note: estimated only**	50	25	
Option 46	Bonding program	Bonding program				
Subtotal				51,832	25,916	0
Local						
Option 51a	1. Optional local vehicle license fee up to $100*	1. Optional local vehicle license fee up to $50*	1. Optional local vehicle license fee up to $30*	8,000	4,000	2,000
Subtotal				8,000	4,000	2,000
Subtotal	*Improvement Funds*			83,813	39,130	6,234
Total	*Improvement & Basic Funds*			117,242	49,217	6,234
Current Law Revenues						
	Federal			9,946	9,946	9,946
	State			14,450	14,450	14,450
	Regional (Sound Transit)			4,100	4,100	4,100
	Local City & County			15,557	15,557	15,557
	Local Transit			7,553	7,553	7,553
	Other (fares, concessions, interest, misc.)			3,559	3,559	3,559
Total				55,165	55,165	55,165
Grand Total	Current and New Revenues			172,407	104,381	61,399

* Revenues could be allocated to both/either basics and improvements -- amount shown only once

** Estimated figures are based on a single year of data; other figures are forecasts

*** HCT revenue estimates for rest of state are based on 5 counties: Clark, Kitsap, Thurston, Spokane, Yakima

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Attachment 2

Gas Tax Distribution: An Analysis and Scenarios for Change

Background on Need for Change[1]

Existing formulas for direct state gas tax distribution to cities and counties have been recognized for many years as not meeting local transportation needs. As outlined in Revenue Committee Issue Paper No. 2, current formulas have a number of limitations:

- Gas tax is distributed to cities based on a single factor, population, and fails to take into account road miles, traffic levels, pavement type or any other factors.
- The share of population in incorporated areas has been increasing and absolute population in cities has been growing faster than the statewide average. But individual cities' shares of total gas tax allocation have been declining in both absolute terms and on a per capita basis.
- The allocation of gas tax to counties and cities has not reflected the shifting patterns of roadway responsibility from unincorporated to incorporated areas.

The formulas for determining current city and county gas tax distribution thus do not support the intent of the Growth Management Act and work against local government concurrency responsibilities. This problem is exacerbated by continuation of a variety of competitive city and county urban/rural street and road programs that also typically support basic preservation, but which are rarely able to fund a project from a single funding source. For cities and counties to undertake substantial street or road preservation projects, they typically have to spend several years and a great amount of administrative time preparing competitive grant programs to assemble enough funding to put a project together.

Lack of rationally based and predictable access to funds essential to implement responsible and cost-effective pavement management systems (PMS) reduces jurisdictional accountability. It precludes assuring efficient life-cycle maintenance and preservation of local streets and roads. Responsible maintenance and preservation of local streets and roads requires a refined financial system that should meet the following goals:

- Ensure adequate and predictable funding for maintenance and preservation of local streets and roads;
- Be technically sound and politically equitable, enabling a more streamlined and efficient process for direct distribution of gas tax revenues to local jurisdictions in a manner that encourages coordination and cooperation among cities and counties;

[1] This analysis was originated by King Cushman at the Puget Sound Regional Council. It was supplemented by the thinking of Chris Mudgett at the County Road Administration Board. Many thanks are due these individuals for their willingness to break the mold of conventional thinking on these issues.

- Be applicable statewide for all cities and counties, regardless of size, financial capability or urban or rural character;
- Incorporate a local-state financial partnership for basic system needs and allow opportunity the state's diverse regions and communities to exercise local options for potential streets and roads amenities to meet community expectations and comprehensive plan policies;
- Be sustainable over time by incorporating a process for periodic adjustments based upon a "census" of local streets and roads, changing demographics and a review of the technical methodology used for fund distribution;
- Improve public understanding of how transportation taxes are spent and increase accountability and public satisfaction with conditions of local streets and roads.

A key change in the proposed formula for distribution of gas tax to local streets and roads is that allocations are proposed to be divided countywide by physical geography (where the streets and roads are) rather than by jurisdictional groupings. Current formulas segregate city and county pots of funds across the state and do not recognize growth and changing responsibilities for streets and roads within individual county areas.

Another key assumption is that all roadway maintenance and preservation must be subject to consistent engineering practices for lowest life cycle costs. There is extensive national literature on standards for cost-effective street and road maintenance and preservation. The WSDOT, all counties and most larger cities have used such Pavement Management Systems for years. Many smaller cities, however, have not. Establishing and using PMS must become a requirement for receipt of state gas tax funds.

Following are two hypothetical scenarios for distribution of gas tax funds to counties and cities, based on a variety of factors and weightings of factors.

Scenario 1 (County Road Administration Board):
Revise the gas tax distribution formula based on three allocation formulas, described below. The analysis has been calculated for 1¢ of gas tax, which is approximately equal to $30,000,000.

Allocate to each county and its cities:
- 50% based on centerline miles
- 40% based on vehicle registrations
- 10% equal distribution

Then, allocate between the county and all cities:
- 50% based on population
- 50% based on centerline miles

Then, from the city portion, allocate among the cities:
- 50% based on centerline miles (could be lane miles)
- 50% based on weighted population.

> 500,000	1.00
50,001 – 500,000	1.25
5,001 – 50,000	1.50
5,000 or less	1.75

Result: As compared to the current distribution mechanism, this scenario would increase the total incorporated distribution by 17.6%, and decrease the total unincorporated distribution by 9.8%. This scenario seems to favor rural counties and smaller cities. Urban areas such as King and Pierce counties would have a decrease of over 30%; 20% decrease for Seattle; 9% decrease for Tacoma; up to 25% decrease for newly incorporated cities such as Shoreline, Lakewood, University Place; and 9% decrease for Vancouver, with a recent large annexation.

Scenario 2 (Blue Ribbon Commission on Transportation):
Revised the gas tax distribution formula based on three allocation formulas, described below. The analysis has been calculated for 1¢ of gas tax, which is approximately equal to $30,000,000.

Allocate to each county and its cities:
- 50% based on population
- 20% based on centerline miles
- 20% based on vehicle registrations
- 10% equal distribution

Then, allocate between the county and all cities:
- 50% based on population
- 25% based on centerline miles
- 25% based on hypothetical vehicle lane miles

Then, from the city portion, allocate among the cities:
- 50% based on centerline miles (could be lane miles)
- 50% based on weighted population.

> 500,000	1.00
50,001 – 500,000	1.25
5,001 – 50,000	1.50
5,000 or less	1.75

Result: As compared to the current distribution mechanism, this scenario would increase the total incorporated amount 43%, and reduce the total unincorporated amount 24%. This scenario favors all incorporated areas. All counties have a decrease in funds compared to current distribution mechanism (with the exception of Snohomish), however the loss to the more urban counties is less than the distribution mechanism in Scenario 1.

NOTE: This Scenario guesses at hypothetical vehicle lane miles for incorporated and unincorporated areas (since the data are not available). It was assumed that incorporated areas would have vehicle lane miles equal to 2.5 times their centerline miles; and that unincorporated areas would have 1.5 times their centerline miles. This assumption is an estimate at best and will be grossly inaccurate for many areas, especially for the smaller cities.

Result of Using Various Factors in the Gas Tax Distribution Formula:

Population:
-Favors urban areas.

Weighted Population:
-When weighted in favor of small cities, this allows for smaller cities to receive more than a minimal amount when distributions are based on percent of total population.

Registered Vehicles:
-Favors urban areas (very similar to population proportions).

Centerline Miles:
-Favors rural and unincorporated areas. On average, unincorporated areas have 74% of the total city/county centerline miles.

Hypothetical Vehicle Lane Miles:
-Assume it would favor incorporated areas.

Road and Pavement Type:
-Favors urban areas with a greater number of lane miles in principal and major arterials and concrete surfaces.

Equal Distribution:
-Assures a minimum dollar amount to each jurisdiction.

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
All Counties					**$19,278,000**	**$17,389,814**	**($1,888,186)**	**-9.79%**
All Cities					**$10,722,000**	**$12,610,190**	**$1,888,190**	**17.61%**
Adams				*2.6730%*	$515,301	$456,158	**($59,143)**	**-11.48%**
	Hatton	*120*	*0.0036%*		$386	$3,789	**$3,403**	**880.75%**
	Lind	*480*	*0.0144%*		$1,545	$18,721	**$17,176**	**1111.44%**
	Othello	*5,435*	*0.1632%*		$17,498	$96,369	**$78,871**	**450.75%**
	Ritzville*	*1,755*	*0.0527%*		$5,650	$43,219	**$37,569**	**664.91%**
	Washtucna	*271*	*0.0081%*		$872	$9,130	**$8,258**	**946.44%**
Asotin				*0.9571%*	$184,510	$181,857	**($2,653)**	**-1.44%**
	Asotin*	*1,090*	*0.0327%*		$3,509	$11,081	**$7,572**	**215.77%**
	Clarkston	*6,915*	*0.2076%*		$22,263	$48,878	**$26,615**	**119.55%**
Benton				*2.1349%*	$411,566	$340,460	**($71,106)**	**-17.28%**
	Benton City	*2,175*	*0.0653%*		$7,002	$13,694	**$6,692**	**95.56%**
	Kennewick	*50,950*	*1.5299%*		$164,033	$187,472	**$23,439**	**14.29%**
	Prosser*	*4,900*	*0.1471%*		$15,775	$29,656	**$13,881**	**87.99%**
	Richland	*36,880*	*1.1074%*		$118,734	$171,418	**$52,684**	**44.37%**
	West Richland	*7,625*	*0.2290%*		$24,549	$39,158	**$14,609**	**59.51%**
Chelan				*1.5146%*	$291,985	$296,642	**$4,657**	**1.60%**
	Cashmere	*2,685*	*0.0806%*		$8,644	$15,442	**$6,798**	**78.64%**
	Chelan	*3,410*	*0.1024%*		$10,978	$23,655	**$12,677**	**115.47%**
	Entiat	*935*	*0.0281%*		$3,010	$7,127	**$4,117**	**136.76%**
	Leavenworth	*2,265*	*0.0680%*		$7,292	$13,133	**$5,841**	**80.10%**
	Wenatchee	*25,620*	*0.7693%*		$82,483	$117,616	**$35,133**	**42.59%**
Clallam				*1.2671%*	$244,272	$275,152	**$30,880**	**12.64%**
	Forks	*3,460*	*0.1039%*		$11,139	$16,880	**$5,741**	**51.53%**
	Port Angeles*	*18,950*	*0.5690%*		$61,009	$90,563	**$29,554**	**48.44%**
	Sequim	*4,445*	*0.1335%*		$14,311	$28,388	**$14,077**	**98.37%**
Clark				*4.3996%*	$848,155	$680,276	**($167,879)**	**-19.79%**
	Battle Ground	*9,075*	*0.2725%*		$29,217	$26,242	**($2,975)**	**-10.18%**
	Camas	*10,870*	*0.3264%*		$34,996	$55,620	**$20,624**	**58.93%**
	La Center	*1,545*	*0.0464%*		$4,974	$6,912	**$1,938**	**38.96%**
	Ridgefield	*2,115*	*0.0635%*		$6,809	$8,530	**$1,721**	**25.27%**
	Vancouver*	*135,100*	*4.0566%*		$434,952	$394,705	**($40,247)**	**-9.25%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
	Washougal	*7,975*	*0.2395%*		$25,675	$33,462	**$7,787**	**30.33%**
	Woodland (part)**	*110*	*0.0033%*		$354	$4,249	**$3,895**	**1099.80%**
	Yacolt	*1,020*	*0.0306%*		$3,284	$4,988	**$1,704**	**51.89%**
Columbia				*0.9467%*	$182,505	$153,469	**($29,036)**	**-15.91%**
	Dayton*	*2,555*	*0.0767%*		$8,226	$70,633	**$62,407**	**758.68%**
	Starbuck	*165*	*0.0050%*		$531	$6,170	**$5,639**	**1061.49%**
Cowlitz				*1.4254%*	$274,789	$286,590	**$11,801**	**4.29%**
	Castle Rock	*2,105*	*0.0632%*		$6,777	$11,514	**$4,737**	**69.90%**
	Kalama	*1,630*	*0.0489%*		$5,248	$11,742	**$6,494**	**123.75%**
	Kelso*	*11,960*	*0.3591%*		$38,505	$55,071	**$16,566**	**43.02%**
	Longview	*34,190*	*1.0266%*		$110,074	$134,634	**$24,560**	**22.31%**
	Woodland (part)**	*3,605*	*0.1082%*		$11,606	$13,763	**$2,157**	**18.58%**
Douglas				*2.3731%*	$457,486	$498,590	**$41,104**	**8.98%**
	Bridgeport	*2,125*	*0.0638%*		$6,841	$24,854	**$18,013**	**263.29%**
	Coulee Dam (part)**	*210*	*0.0063%*		$676	$3,561	**$2,885**	**426.70%**
	East Wenatchee	*5,395*	*0.1620%*		$17,369	$44,106	**$26,737**	**153.93%**
	Mansfield	*365*	*0.0110%*		$1,175	$6,801	**$5,626**	**478.75%**
	Rock Island	*630*	*0.0189%*		$2,028	$7,568	**$5,540**	**273.13%**
	Waterville	*1,120*	*0.0336%*		$3,606	$18,991	**$15,385**	**426.68%**
Ferry				*1.1596%*	$223,548	$269,508	**$45,960**	**20.56%**
	Republic*	*1,040*	*0.0312%*		$3,348	$23,231	**$19,883**	**593.82%**
Franklin				*1.8741%*	$361,289	$302,893	**($58,396)**	**-16.16%**
	Connell	*2,800*	*0.0841%*		$9,015	$22,136	**$13,121**	**145.56%**
	Kahlotus	*245*	*0.0074%*		$789	$3,277	**$2,488**	**315.46%**
	Mesa	*425*	*0.0128%*		$1,368	$5,146	**$3,778**	**276.09%**
	Pasco*	*26,600*	*0.7987%*		$85,638	$180,411	**$94,773**	**110.67%**
Garfield				*0.8638%*	$166,523	$145,616	**($20,907)**	**-12.56%**
	Pomeroy*	*1,445*	*0.0434%*		$4,652	$63,046	**$58,394**	**1255.20%**
Grant				*4.0122%*	$773,472	$701,151	**($72,321)**	**-9.35%**
	Coulee City	*579*	*0.0174%*		$1,864	$6,513	**$4,649**	**249.40%**
	Coulee Dam (part)**	*3*	*0.0001%*		$10	$1,110	**$1,100**	**11392.54%**
	Electric City	*985*	*0.0296%*		$3,171	$10,033	**$6,862**	**216.38%**
	Ephrata*	*6,085*	*0.1827%*		$19,591	$46,576	**$26,985**	**137.75%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	Distribution Based on Existing Formula	Distribution Based on Hypothetical Formula	Difference	Percent Change
	George	*478*	*0.0144%*		$1,539	$5,498	**$3,959**	**257.27%**
	Grand Coulee	*1,235*	*0.0371%*		$3,976	$11,737	**$7,761**	**195.19%**
	Hartline	*180*	*0.0054%*		$580	$5,218	**$4,638**	**800.42%**
	Krupp	*56*	*0.0017%*		$180	$1,904	**$1,724**	**956.07%**
	Mattawa	*1,870*	*0.0562%*		$6,020	$11,929	**$5,909**	**98.14%**
	Moses Lake	*14,190*	*0.4261%*		$45,684	$104,990	**$59,306**	**129.82%**
	Quincy	*4,120*	*0.1237%*		$13,264	$37,128	**$23,864**	**179.91%**
	Royal City	*1,600*	*0.0480%*		$5,151	$11,778	**$6,627**	**128.65%**
	Soap Lake	*1,484*	*0.0446%*		$4,778	$18,918	**$14,140**	**295.96%**
	Warden	*2,315*	*0.0695%*		$7,453	$22,757	**$15,304**	**205.34%**
	Wilson Creek	*231*	*0.0069%*		$744	$4,357	**$3,613**	**485.85%**
Grays Harbor				*1.4972%*	$288,630	$237,148	**($51,482)**	**-17.84%**
	Aberdeen	*16,420*	*0.4930%*		$52,864	$72,337	**$19,473**	**36.84%**
	Cosmopolis	*1,555*	*0.0467%*		$5,006	$8,197	**$3,191**	**63.73%**
	Elma	*3,045*	*0.0914%*		$9,803	$15,519	**$5,716**	**58.30%**
	Hoquiam	*8,995*	*0.2701%*		$28,959	$40,781	**$11,822**	**40.82%**
	McCleary	*1,565*	*0.0470%*		$5,038	$7,556	**$2,518**	**49.97%**
	Montesano*	*3,580*	*0.1075%*		$11,526	$18,863	**$7,337**	**63.66%**
	Oakville	*670*	*0.0201%*		$2,157	$4,771	**$2,614**	**121.18%**
	Ocean Shores	*3,270*	*0.0982%*		$10,528	$48,787	**$38,259**	**363.42%**
	Westport	*2,075*	*0.0623%*		$6,680	$16,865	**$10,185**	**152.45%**
Island				*1.4504%*	$279,608	$313,094	**$33,486**	**11.98%**
	Coupeville*	*1,640*	*0.0492%*		$5,280	$9,788	**$4,508**	**85.38%**
	Langley	*1,095*	*0.0329%*		$3,525	$6,337	**$2,812**	**79.76%**
	Oak Harbor	*20,830*	*0.6255%*		$67,062	$71,112	**$4,050**	**6.04%**
Jefferson				*0.9277%*	$178,842	$201,287	**$22,445**	**12.55%**
	Port Townsend*	*8,400*	*0.2522%*		$27,044	$69,047	**$42,003**	**155.32%**
King				*11.0033%*	$2,121,216	$1,446,023	**($675,193)**	**-31.83%**
	Algona	*2,110*	*0.0634%*		$6,793	$12,021	**$5,228**	**76.96%**
	Auburn	*38,980*	*1.1704%*		$125,495	$126,486	**$991**	**0.79%**
	Beaux Arts	*289*	*0.0087%*		$930	$1,946	**$1,016**	**109.15%**
	Bellevue	*106,200*	*3.1889%*		$341,909	$322,827	**($19,082)**	**-5.58%**
	Black Diamond	*3,825*	*0.1149%*		$12,315	$19,644	**$7,329**	**59.52%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
	Bothell (part)**	*14,500*	*0.4354%*		$46,682	$46,663	**($19)**	**-0.04%**
	Burien	*29,770*	*0.8939%*		$95,844	$95,606	**($238)**	**-0.25%**
	Carnation	*1,785*	*0.0536%*		$5,747	$6,877	**$1,130**	**19.67%**
	Clyde Hill	*2,883*	*0.0866%*		$9,282	$15,432	**$6,150**	**66.26%**
	Covington	*13,010*	*0.3906%*		$41,885	$45,761	**$3,876**	**9.25%**
	Des Moines	*27,160*	*0.8155%*		$87,441	$86,886	**($555)**	**-0.63%**
	Duvall	*4,435*	*0.1332%*		$14,278	$20,035	**$5,757**	**40.32%**
	Enumclaw	*10,740*	*0.3225%*		$34,577	$41,668	**$7,091**	**20.51%**
	Federal Way	*76,910*	*2.3094%*		$247,610	$217,708	**($29,902)**	**-12.08%**
	Hunts Point	*472*	*0.0142%*		$1,520	$1,885	**$365**	**24.05%**
	Issaquah	*10,130*	*0.3042%*		$32,613	$42,352	**$9,739**	**29.86%**
	Kenmore	*17,168*	*0.5155%*		$55,272	$54,596	**($676)**	**-1.22%**
	Kent	*73,060*	*2.1938%*		$235,215	$209,692	**($25,523)**	**-10.85%**
	Kirkland	*44,860*	*1.3470%*		$144,426	$149,578	**$5,152**	**3.57%**
	Lake Forest Park	*13,040*	*0.3916%*		$41,982	$45,369	**$3,387**	**8.07%**
	Maple Valley	*12,540*	*0.3765%*		$40,372	$44,913	**$4,541**	**11.25%**
	Medina	*2,940*	*0.0883%*		$9,465	$12,875	**$3,410**	**36.02%**
	Mercer Island	*21,570*	*0.6477%*		$69,444	$73,684	**$4,240**	**6.11%**
	Milton (part)**	*895*	*0.0269%*		$2,881	$8,127	**$5,246**	**182.05%**
	Newcastle	*8,605*	*0.2584%*		$27,704	$44,955	**$17,251**	**62.27%**
	Normandy Park	*7,035*	*0.2112%*		$22,649	$26,512	**$3,863**	**17.06%**
	North Bend	*3,815*	*0.1146%*		$12,282	$20,961	**$8,679**	**70.66%**
	Pacific (part)**	*5,470*	*0.1642%*		$17,611	$16,554	**($1,057)**	**-6.00%**
	Redmond	*43,610*	*1.3095%*		$140,402	$136,173	**($4,229)**	**-3.01%**
	Renton	*47,620*	*1.4299%*		$153,312	$163,475	**$10,163**	**6.63%**
	SeaTac	*23,570*	*0.7077%*		$75,883	$79,075	**$3,192**	**4.21%**
	Seattle*	*540,500*	*16.2295%*		$1,740,129	$1,387,030	**($353,099)**	**-20.29%**
	Shoreline	*52,030*	*1.5623%*		$167,510	$140,625	**($26,885)**	**-16.05%**
	Skykomish	*275*	*0.0083%*		$885	$1,917	**$1,032**	**116.52%**
	Snoqualmie	*1,980*	*0.0595%*		$6,375	$12,194	**$5,819**	**91.29%**
	Tukwila	*14,840*	*0.4456%*		$47,777	$60,657	**$12,880**	**26.96%**
	Woodinville	*10,250*	*0.3078%*		$33,000	$35,877	**$2,877**	**8.72%**
	Yarrow Point	*980*	*0.0294%*		$3,155	$3,846	**$691**	**21.90%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
Kitsap				*3.6178%*	$697,439	$619,750	**($77,689)**	**-11.14%**
	Bainbridge Island	*19,840*	*0.5957%*		$63,874	$83,102	**$19,228**	**30.10%**
	Bremerton	*36,270*	*1.0891%*		$116,771	$112,090	**($4,681)**	**-4.01%**
	Port Orchard*	*7,255*	*0.2178%*		$23,357	$25,807	**$2,450**	**10.49%**
	Poulsbo	*6,445*	*0.1935%*		$20,750	$22,138	**$1,388**	**6.69%**
Kittitas				*1.2927%*	$249,207	$216,527	**($32,680)**	**-13.11%**
	Cle Elum	*1,795*	*0.0539%*		$5,779	$16,436	**$10,657**	**184.41%**
	Ellensburg*	*14,230*	*0.4273%*		$45,813	$83,897	**$38,084**	**83.13%**
	Kittitas	*1,135*	*0.0341%*		$3,654	$7,891	**$4,237**	**115.95%**
	Roslyn	*938*	*0.0282%*		$3,020	$10,800	**$7,780**	**257.63%**
	South Cle Elum	*510*	*0.0153%*		$1,642	$4,946	**$3,304**	**201.23%**
Klickitat				*1.7453%*	$336,459	$354,337	**$17,878**	**5.31%**
	Bingen	*705*	*0.0212%*		$2,270	$12,210	**$9,940**	**437.95%**
	Goldendale*	*3,570*	*0.1072%*		$11,494	$43,284	**$31,790**	**276.59%**
	White Salmon	*2,035*	*0.0611%*		$6,552	$29,239	**$22,687**	**346.29%**
Lewis				*2.2308%*	$430,054	$427,328	**($2,726)**	**-0.63%**
	Centralia	*13,620*	*0.4090%*		$43,849	$75,396	**$31,547**	**71.94%**
	Chehalis*	*7,010*	*0.2105%*		$22,569	$41,324	**$18,755**	**83.10%**
	Morton	*1,275*	*0.0383%*		$4,105	$9,568	**$5,463**	**133.09%**
	Mossyrock	*565*	*0.0170%*		$1,819	$3,931	**$2,112**	**116.11%**
	Napavine	*1,255*	*0.0377%*		$4,040	$7,468	**$3,428**	**84.83%**
	Pe Ell	*685*	*0.0206%*		$2,205	$4,334	**$2,129**	**96.52%**
	Toledo	*690*	*0.0207%*		$2,221	$4,757	**$2,536**	**114.14%**
	Vader	*490*	*0.0147%*		$1,578	$3,679	**$2,101**	**133.21%**
	Winlock	*1,225*	*0.0368%*		$3,944	$9,807	**$5,863**	**148.66%**
Lincoln				*2.8619%*	$551,717	$478,870	**($72,847)**	**-13.20%**
	Almira	*304*	*0.0091%*		$979	$17,019	**$16,040**	**1638.90%**
	Creston	*250*	*0.0075%*		$805	$14,397	**$13,592**	**1688.74%**
	Davenport*	*1,778*	*0.0534%*		$5,724	$33,743	**$28,019**	**489.48%**
	Harrington	*482*	*0.0145%*		$1,552	$20,232	**$18,680**	**1203.79%**
	Odessa	*975*	*0.0293%*		$3,139	$35,721	**$32,582**	**1037.98%**
	Reardan	*610*	*0.0183%*		$1,964	$22,543	**$20,579**	**1047.88%**
	Sprague	*455*	*0.0137%*		$1,465	$19,745	**$18,280**	**1247.91%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
	Wilbur	*895*	*0.0269%*		$2,881	$44,161	**$41,280**	**1432.60%**
Mason				*1.4448%*	$278,529	$331,363	**$52,834**	**18.97%**
	Shelton*	*7,810*	*0.2345%*		$25,144	$46,206	**$21,062**	**83.76%**
Okanogan				*2.2388%*	$431,596	$439,688	**$8,092**	**1.87%**
	Brewster	*2,065*	*0.0620%*		$6,648	$19,323	**$12,675**	**190.65%**
	Conconully	*200*	*0.0060%*		$644	$3,096	**$2,452**	**380.82%**
	Coulee Dam (part)**	*880*	*0.0264%*		$2,833	$5,157	**$2,324**	**82.02%**
	Elmer City	*310*	*0.0093%*		$998	$4,148	**$3,150**	**315.62%**
	Nespelem	*265*	*0.0080%*		$853	$2,311	**$1,458**	**170.87%**
	Okanogan*	*2,385*	*0.0716%*		$7,678	$19,718	**$12,040**	**156.80%**
	Omak	*4,545*	*0.1365%*		$14,633	$38,395	**$23,762**	**162.39%**
	Oroville	*1,585*	*0.0476%*		$5,103	$16,016	**$10,913**	**213.86%**
	Pateros	*630*	*0.0189%*		$2,028	$6,171	**$4,143**	**204.25%**
	Riverside	*350*	*0.0105%*		$1,127	$3,790	**$2,663**	**236.35%**
	Tonasket	*1,010*	*0.0303%*		$3,252	$9,015	**$5,763**	**177.24%**
	Twisp	*990*	*0.0297%*		$3,187	$12,178	**$8,991**	**282.08%**
	Winthrop	*380*	*0.0114%*		$1,223	$5,014	**$3,791**	**309.84%**
Pacific				*0.9171%*	$176,799	$180,781	**$3,982**	**2.25%**
	Ilwaco	*860*	*0.0258%*		$2,769	$7,133	**$4,364**	**157.62%**
	Long Beach	*1,440*	*0.0432%*		$4,636	$12,224	**$7,588**	**163.67%**
	Raymond	*2,950*	*0.0886%*		$9,497	$22,868	**$13,371**	**140.78%**
	South Bend*	*1,650*	*0.0495%*		$5,312	$12,594	**$7,282**	**137.08%**
Pend Oreille				*1.0218%*	$196,983	$220,803	**$23,820**	**12.09%**
	Cusick	*246*	*0.0074%*		$792	$3,992	**$3,200**	**404.05%**
	Ione	*452*	*0.0136%*		$1,455	$5,574	**$4,119**	**283.04%**
	Metaline	*172*	*0.0052%*		$554	$2,372	**$1,818**	**328.35%**
	Metaline Falls	*230*	*0.0069%*		$740	$2,818	**$2,078**	**280.56%**
	Newport*	*1,980*	*0.0595%*		$6,375	$32,554	**$26,179**	**410.69%**
Pierce				*7.7284%*	$1,489,881	$1,019,371	**($470,510)**	**-31.58%**
	Bonney Lake	*10,060*	*0.3021%*		$32,388	$32,223	**($165)**	**-0.51%**
	Buckley	*3,980*	*0.1195%*		$12,814	$17,813	**$4,999**	**39.02%**
	Carbonado	*649*	*0.0195%*		$2,089	$2,701	**$612**	**29.27%**
	DuPont	*1,755*	*0.0527%*		$5,650	$8,811	**$3,161**	**55.94%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
	Eatonville	*1,915*	*0.0575%*		$6,165	$7,679	**$1,514**	**24.55%**
	Edgewood	*10,700*	*0.3213%*		$34,448	$35,811	**$1,363**	**3.96%**
	Fife	*5,155*	*0.1548%*		$16,596	$19,745	**$3,149**	**18.97%**
	Fircrest	*5,935*	*0.1782%*		$19,108	$22,484	**$3,376**	**17.67%**
	Gig Harbor	*6,405*	*0.1923%*		$20,621	$20,019	**($602)**	**-2.92%**
	Lakewood	*63,820*	*1.9163%*		$205,467	$154,370	**($51,097)**	**-24.87%**
	Milton (part)**	*4,785*	*0.1437%*		$15,405	$14,325	**($1,080)**	**-7.01%**
	Orting	*3,825*	*0.1149%*		$12,315	$10,661	**($1,654)**	**-13.43%**
	Pacific (part)**	*195*	*0.0059%*		$628	$5,426	**$4,798**	**764.29%**
	Puyallup	*30,740*	*0.9230%*		$98,967	$102,289	**$3,322**	**3.36%**
	Roy	*370*	*0.0111%*		$1,191	$3,602	**$2,411**	**202.38%**
	Ruston	*745*	*0.0224%*		$2,399	$3,969	**$1,570**	**65.48%**
	South Prairie	*485*	*0.0146%*		$1,561	$2,383	**$822**	**52.61%**
	Steilacoom	*6,240*	*0.1874%*		$20,090	$21,548	**$1,458**	**7.26%**
	Sumner	*8,495*	*0.2551%*		$27,349	$28,180	**$831**	**3.04%**
	Tacoma*	*187,200*	*5.6210%*		$602,687	$548,801	**($53,886)**	**-8.94%**
	University Place	*29,550*	*0.8873%*		$95,136	$80,839	**($14,297)**	**-15.03%**
	Wilkeson	*430*	*0.0129%*		$1,384	$2,276	**$892**	**64.41%**
San Juan				*0.6212%*	$119,755	$169,672	**$49,917**	**41.68%**
	Friday Harbor*	*1,900*	*0.0571%*		$6,117	$17,982	**$11,865**	**193.97%**
Skagit				*2.1132%*	$407,383	$384,002	**($23,381)**	**-5.74%**
	Anacortes	*14,370*	*0.4315%*		$46,264	$93,575	**$47,311**	**102.26%**
	Burlington	*5,635*	*0.1692%*		$18,142	$28,429	**$10,287**	**56.70%**
	Concrete	*780*	*0.0234%*		$2,511	$8,231	**$5,720**	**227.77%**
	Hamilton	*300*	*0.0090%*		$966	$2,861	**$1,895**	**196.22%**
	La Conner	*800*	*0.0240%*		$2,576	$4,723	**$2,147**	**83.38%**
	Lyman	*320*	*0.0096%*		$1,030	$2,127	**$1,097**	**106.46%**
	Mount Vernon*	*22,700*	*0.6816%*		$73,082	$93,513	**$20,431**	**27.96%**
	Sedro-Woolley	*8,010*	*0.2405%*		$25,788	$34,399	**$8,611**	**33.39%**
Skamania				*0.5871%*	$113,181	$145,849	**$32,668**	**28.86%**
	North Bonneville	*596*	*0.0179%*		$1,919	$8,325	**$6,406**	**333.86%**
	Stevenson*	*1,275*	*0.0383%*		$4,105	$14,556	**$10,451**	**254.61%**
Snohomish				*6.2702%*	$1,208,769	$1,110,365	**($98,404)**	**-8.14%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	Distribution Based on Existing Formula	Distribution Based on Hypothetical Formula	Difference	Percent Change
	Arlington	*7,350*	*0.2207%*		$23,663	$30,340	**$6,677**	**28.22%**
	Bothell (part)**	*13,310*	*0.3997%*		$42,851	$40,388	**($2,463)**	**-5.75%**
	Brier	*6,350*	*0.1907%*		$20,444	$20,778	**$334**	**1.64%**
	Darrington	*1,245*	*0.0374%*		$4,008	$5,197	**$1,189**	**29.66%**
	Edmonds	*38,610*	*1.1593%*		$124,304	$115,749	**($8,555)**	**-6.88%**
	Everett*	*86,730*	*2.6042%*		$279,226	$261,376	**($17,850)**	**-6.39%**
	Gold Bar	*1,810*	*0.0543%*		$5,827	$7,059	**$1,232**	**21.14%**
	Granite Falls	*2,010*	*0.0604%*		$6,471	$6,575	**$104**	**1.60%**
	Index	*140*	*0.0042%*		$451	$1,096	**$645**	**143.16%**
	Lake Stevens	*6,100*	*0.1832%*		$19,639	$19,970	**$331**	**1.69%**
	Lynnwood	*33,140*	*0.9951%*		$106,694	$90,422	**($16,272)**	**-15.25%**
	Marysville	*20,680*	*0.6210%*		$66,579	$67,383	**$804**	**1.21%**
	Mill Creek	*11,110*	*0.3336%*		$35,768	$34,881	**($887)**	**-2.48%**
	Monroe	*11,450*	*0.3438%*		$36,863	$37,516	**$653**	**1.77%**
	Mountlake Terrace	*20,270*	*0.6086%*		$65,259	$58,732	**($6,527)**	**-10.00%**
	Mukilteo	*17,180*	*0.5159%*		$55,311	$52,694	**($2,617)**	**-4.73%**
	Snohomish	*8,250*	*0.2477%*		$26,561	$27,932	**$1,371**	**5.16%**
	Stanwood	*3,380*	*0.1015%*		$10,882	$14,108	**$3,226**	**29.65%**
	Sultan	*2,955*	*0.0887%*		$9,514	$10,186	**$672**	**7.07%**
	Woodway	*990*	*0.0297%*		$3,187	$5,160	**$1,973**	**61.89%**
Spokane				*7.5319%*	$1,452,000	$1,255,975	**($196,025)**	**-13.50%**
	Airway Heights	*4,495*	*0.1350%*		$14,472	$18,568	**$4,096**	**28.31%**
	Cheney	*8,545*	*0.2566%*		$27,510	$33,945	**$6,435**	**23.39%**
	Deer Park	*2,965*	*0.0890%*		$9,546	$23,441	**$13,895**	**145.56%**
	Fairfield	*605*	*0.0182%*		$1,948	$4,499	**$2,551**	**130.98%**
	Latah	*212*	*0.0064%*		$683	$3,118	**$2,435**	**356.83%**
	Medical Lake	*3,870*	*0.1162%*		$12,459	$18,794	**$6,335**	**50.84%**
	Millwood	*1,665*	*0.0500%*		$5,360	$13,110	**$7,750**	**144.57%**
	Rockford	*517*	*0.0155%*		$1,664	$4,272	**$2,608**	**156.66%**
	Spangle	*255*	*0.0077%*		$821	$2,127	**$1,306**	**159.08%**
	Spokane*	*189,200*	*5.6811%*		$609,126	$686,025	**$76,899**	**12.62%**
	Waverly	*130*	*0.0039%*		$419	$2,539	**$2,120**	**506.64%**
Stevens				*2.4368%*	$469,766	$503,717	**$33,951**	**7.23%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	Distribution Based on Existing Formula	Distribution Based on Hypothetical Formula	Difference	Percent Change
	Chewelah	*2,435*	*0.0731%*		$7,839	$24,486	**$16,647**	**212.34%**
	Colville*	*4,750*	*0.1426%*		$15,293	$40,182	**$24,889**	**162.76%**
	Kettle Falls	*1,535*	*0.0461%*		$4,942	$12,478	**$7,536**	**152.49%**
	Marcus	*154*	*0.0046%*		$496	$2,277	**$1,781**	**359.26%**
	Northport	*312*	*0.0094%*		$1,004	$4,060	**$3,056**	**304.19%**
	Springdale	*260*	*0.0078%*		$837	$6,892	**$6,055**	**723.35%**
Thurston				*3.1033%*	$598,254	$586,174	**($12,080)**	**-2.02%**
	Bucoda	*645*	*0.0194%*		$2,077	$3,009	**$932**	**44.90%**
	Lacey	*29,020*	*0.8714%*		$93,429	$95,653	**$2,224**	**2.38%**
	Olympia*	*40,210*	*1.2074%*		$129,455	$150,540	**$21,085**	**16.29%**
	Rainier	*1,570*	*0.0471%*		$5,055	$9,814	**$4,759**	**94.16%**
	Tenino	*1,600*	*0.0480%*		$5,151	$8,289	**$3,138**	**60.91%**
	Tumwater	*12,530*	*0.3762%*		$40,340	$49,859	**$9,519**	**23.60%**
	Yelm	*2,750*	*0.0826%*		$8,854	$19,962	**$11,108**	**125.47%**
Wahkiakum				*0.5833%*	$112,449	$115,189	**$2,740**	**2.44%**
	Cathlamet*	*545*	*0.0164%*		$1,755	$10,938	**$9,183**	**523.38%**
Walla Walla				*1.9344%*	$372,914	$278,193	**($94,721)**	**-25.40%**
	College Place	*7,395*	*0.2220%*		$23,808	$36,598	**$12,790**	**53.72%**
	Prescott	*335*	*0.0101%*		$1,079	$3,448	**$2,369**	**219.70%**
	Waitsburg	*1,200*	*0.0360%*		$3,863	$10,351	**$6,488**	**167.93%**
	Walla Walla*	*29,200*	*0.8768%*		$94,009	$154,985	**$60,976**	**64.86%**
Whatcom				*2.4739%*	$476,918	$449,364	**($27,554)**	**-5.78%**
	Bellingham*	*64,070*	*1.9238%*		$206,272	$250,994	**$44,722**	**21.68%**
	Blaine	*3,640*	*0.1093%*		$11,719	$18,673	**$6,954**	**59.34%**
	Everson	*1,840*	*0.0552%*		$5,924	$6,982	**$1,058**	**17.86%**
	Ferndale	*7,925*	*0.2380%*		$25,514	$32,323	**$6,809**	**26.69%**
	Lynden	*8,910*	*0.2675%*		$28,686	$33,268	**$4,582**	**15.97%**
	Nooksack	*890*	*0.0267%*		$2,865	$4,721	**$1,856**	**64.76%**
	Sumas	*976*	*0.0293%*		$3,142	$9,682	**$6,540**	**208.13%**
Whitman				*2.7922%*	$538,280	$390,014	**($148,266)**	**-27.54%**
	Albion	*685*	*0.0206%*		$2,205	$9,703	**$7,498**	**339.98%**
	Colfax*	*2,880*	*0.0865%*		$9,272	$47,280	**$38,008**	**409.92%**
	Colton	*370*	*0.0111%*		$1,191	$6,285	**$5,094**	**427.62%**

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
	Endicott	*351*	*0.0105%*		$1,130	$6,183	**$5,053**	**447.15%**
	Farmington	*150*	*0.0045%*		$483	$6,808	**$6,325**	**1309.75%**
	Garfield	*592*	*0.0178%*		$1,906	$10,913	**$9,007**	**472.58%**
	LaCrosse	*380*	*0.0114%*		$1,223	$6,339	**$5,116**	**418.15%**
	Lamont	*85*	*0.0026%*		$274	$2,173	**$1,899**	**694.06%**
	Malden	*265*	*0.0080%*		$853	$4,861	**$4,008**	**469.76%**
	Oakesdale	*445*	*0.0134%*		$1,433	$12,688	**$11,255**	**785.62%**
	Palouse	*985*	*0.0296%*		$3,171	$13,897	**$10,726**	**338.23%**
	Pullman	*25,630*	*0.7696%*		$82,515	$165,142	**$82,627**	**100.14%**
	Rosalia	*644*	*0.0193%*		$2,073	$15,478	**$13,405**	**646.52%**
	St. John	*555*	*0.0167%*		$1,787	$10,713	**$8,926**	**499.56%**
	Tekoa	*815*	*0.0245%*		$2,624	$14,690	**$12,066**	**459.86%**
	Uniontown	*330*	*0.0099%*		$1,062	$7,782	**$6,720**	**632.47%**
Yakima				*3.9733%*	$765,973	$699,437	**($66,536)**	**-8.69%**
	Grandview	*8,190*	*0.2459%*		$26,368	$36,965	**$10,597**	**40.19%**
	Granger	*2,255*	*0.0677%*		$7,260	$9,893	**$2,633**	**36.27%**
	Harrah	*545*	*0.0164%*		$1,755	$2,650	**$895**	**51.03%**
	Mabton	*1,655*	*0.0497%*		$5,328	$8,444	**$3,116**	**58.48%**
	Moxee	*1,050*	*0.0315%*		$3,380	$6,538	**$3,158**	**93.41%**
	Naches	*715*	*0.0215%*		$2,302	$3,950	**$1,648**	**71.60%**
	Selah	*6,005*	*0.1803%*		$19,333	$23,104	**$3,771**	**19.51%**
	Sunnyside	*12,290*	*0.3690%*		$39,567	$48,566	**$8,999**	**22.74%**
	Tieton	*1,122*	*0.0337%*		$3,612	$5,378	**$1,766**	**48.88%**
	Toppenish	*7,940*	*0.2384%*		$25,563	$28,889	**$3,326**	**13.01%**
	Union Gap	*5,350*	*0.1606%*		$17,224	$26,638	**$9,414**	**54.65%**
	Wapato	*3,975*	*0.1194%*		$12,797	$16,271	**$3,474**	**27.14%**
	Yakima*	*65,500*	*1.9668%*		$210,876	$225,946	**$15,070**	**7.15%**
	Zillah	*2,395*	*0.0719%*		$7,711	$13,788	**$6,077**	**78.82%**
		3,330,351	*100.0000%*	*100.0000%*	$19,280,881	$29,995,730	**$10,714,849**	**55.57%**
					$10,719,119	$10,714,849	($4,270)	-0.04%
*	County Seat							
					<<Totals May Not Add Due to Rounding>>			
**	Totals for Cities in Multiple Counties:							

Scenario 1 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Hypothetical Formula**	**Difference**	**Percent Change**
	Bothell				$89,534	$87,051	($2,483)	-2.77%
	Coulee Dam				$3,519	$9,828	$6,309	179.29%
	Milton				$18,287	$22,452	$4,165	22.78%
	Pacific				$18,238	$21,980	$3,742	20.52%
	Woodland				$11,960	$18,012	$6,052	50.60%

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
All Counties					**$19,278,000**	**$14,669,053**	**($4,608,947)**	**-23.91%**
All Cities					**$10,722,000**	**$15,330,947**	**$4,608,947**	**42.99%**
Adams				*2.6730%*	$515,301	$199,024	**($316,277)**	**-61.38%**
	Hatton	*120*	*0.0036%*		$386	$3,182	**$2,795**	**723.54%**
	Lind	*480*	*0.0144%*		$1,545	$15,722	**$14,177**	**917.40%**
	Othello	*5,435*	*0.1632%*		$17,498	$80,932	**$63,434**	**362.53%**
	Ritzville*	*1,755*	*0.0527%*		$5,650	$36,296	**$30,646**	**542.38%**
	Washtucna	*271*	*0.0081%*		$872	$7,668	**$6,795**	**778.86%**
Asotin				*0.9571%*	$184,510	$123,601	**($60,909)**	**-33.01%**
	Asotin*	*1,090*	*0.0327%*		$3,509	$14,018	**$10,508**	**299.45%**
	Clarkston	*6,915*	*0.2076%*		$22,263	$61,831	**$39,568**	**177.73%**
Benton				*2.1349%*	$411,566	$283,337	**($128,229)**	**-31.16%**
	Benton City	*2,175*	*0.0653%*		$7,002	$14,530	**$7,528**	**107.50%**
	Kennewick	*50,950*	*1.5299%*		$164,033	$198,919	**$34,887**	**21.27%**
	Prosser*	*4,900*	*0.1471%*		$15,775	$31,467	**$15,692**	**99.47%**
	Richland	*36,880*	*1.1074%*		$118,734	$181,884	**$63,150**	**53.19%**
	West Richland	*7,625*	*0.2290%*		$24,549	$41,548	**$17,000**	**69.25%**
Chelan				*1.5146%*	$291,985	$216,157	**($75,828)**	**-25.97%**
	Cashmere	*2,685*	*0.0806%*		$8,644	$17,525	**$8,880**	**102.73%**
	Chelan	*3,410*	*0.1024%*		$10,978	$26,845	**$15,867**	**144.53%**
	Entiat	*935*	*0.0281%*		$3,010	$8,089	**$5,078**	**168.71%**
	Leavenworth	*2,265*	*0.0680%*		$7,292	$14,904	**$7,612**	**104.39%**
	Wenatchee	*25,620*	*0.7693%*		$82,483	$133,477	**$50,994**	**61.82%**
Clallam				*1.2671%*	$244,272	$231,377	**($12,895)**	**-5.28%**
	Forks	*3,460*	*0.1039%*		$11,139	$20,981	**$9,842**	**88.35%**
	Port Angeles*	*18,950*	*0.5690%*		$61,009	$112,564	**$51,555**	**84.50%**
	Sequim	*4,445*	*0.1335%*		$14,311	$35,285	**$20,974**	**146.56%**
Clark				*4.3996%*	$848,155	$736,960	**($111,195)**	**-13.11%**
	Battle Ground	*9,075*	*0.2725%*		$29,217	$36,282	**$7,065**	**24.18%**
	Camas	*10,870*	*0.3264%*		$34,996	$76,899	**$41,904**	**119.74%**
	La Center	*1,545*	*0.0464%*		$4,974	$9,556	**$4,582**	**92.11%**
	Ridgefield	*2,115*	*0.0635%*		$6,809	$11,793	**$4,984**	**73.20%**
	Vancouver*	*135,100*	*4.0566%*		$434,952	$545,713	**$110,761**	**25.47%**
	Washougal	*7,975*	*0.2395%*		$25,675	$46,264	**$20,589**	**80.19%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Woodland (part)**	*110*	*0.0033%*		$354	$5,875	**$5,521**	**1558.89%**
	Yacolt	*1,020*	*0.0306%*		$3,284	$6,896	**$3,612**	**110.00%**
Columbia				*0.9467%*	$182,505	$77,495	**($105,010)**	**-57.54%**
	Dayton*	*2,555*	*0.0767%*		$8,226	$67,097	**$58,871**	**715.69%**
	Starbuck	*165*	*0.0050%*		$531	$5,861	**$5,330**	**1003.27%**
Cowlitz				*1.4254%*	$274,789	$286,590	**$11,801**	**4.29%**
	Castle Rock	*2,105*	*0.0632%*		$6,777	$13,680	**$6,903**	**101.85%**
	Kalama	*1,630*	*0.0489%*		$5,248	$13,951	**$8,704**	**165.85%**
	Kelso*	*11,960*	*0.3591%*		$38,505	$65,431	**$26,926**	**69.93%**
	Longview	*34,190*	*1.0266%*		$110,074	$159,962	**$49,888**	**45.32%**
	Woodland (part)**	*3,605*	*0.1082%*		$11,606	$16,352	**$4,746**	**40.89%**
Douglas				*2.3731%*	$457,486	$255,430	**($202,057)**	**-44.17%**
	Bridgeport	*2,125*	*0.0638%*		$6,841	$28,407	**$21,566**	**315.22%**
	Coulee Dam (part)**	*210*	*0.0063%*		$676	$4,070	**$3,394**	**501.96%**
	East Wenatchee	*5,395*	*0.1620%*		$17,369	$50,412	**$33,043**	**190.24%**
	Mansfield	*365*	*0.0110%*		$1,175	$7,773	**$6,598**	**561.46%**
	Rock Island	*630*	*0.0189%*		$2,028	$8,650	**$6,622**	**326.48%**
	Waterville	*1,120*	*0.0336%*		$3,606	$21,706	**$18,100**	**501.96%**
Ferry				*1.1596%*	$223,548	$141,102	**($82,445)**	**-36.88%**
	Republic*	*1,040*	*0.0312%*		$3,348	$42,516	**$39,167**	**1169.79%**
Franklin				*1.8741%*	$361,289	$179,395	**($181,894)**	**-50.35%**
	Connell	*2,800*	*0.0841%*		$9,015	$21,074	**$12,059**	**133.78%**
	Kahlotus	*245*	*0.0074%*		$789	$3,120	**$2,331**	**295.52%**
	Mesa	*425*	*0.0128%*		$1,368	$4,899	**$3,531**	**258.07%**
	Pasco*	*26,600*	*0.7987%*		$85,638	$171,758	**$86,120**	**100.56%**
Garfield				*0.8638%*	$166,523	$74,067	**($92,456)**	**-55.52%**
	Pomeroy*	*1,445*	*0.0434%*		$4,652	$62,548	**$57,896**	**1244.50%**
Grant				*4.0122%*	$773,472	$367,673	**($405,799)**	**-52.46%**
	Coulee City	*579*	*0.0174%*		$1,864	$6,053	**$4,189**	**224.70%**
	Coulee Dam (part)**	*3*	*0.0001%*		$10	$1,032	**$1,022**	**10584.00%**
	Electric City	*985*	*0.0296%*		$3,171	$9,324	**$6,153**	**194.03%**
	Ephrata*	*6,085*	*0.1827%*		$19,591	$43,285	**$23,694**	**120.95%**
	George	*478*	*0.0144%*		$1,539	$5,109	**$3,571**	**232.02%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Grand Coulee	*1,235*	*0.0371%*		$3,976	$10,907	**$6,931**	**174.33%**
	Hartline	*180*	*0.0054%*		$580	$4,849	**$4,269**	**736.74%**
	Krupp	*56*	*0.0017%*		$180	$1,769	**$1,589**	**881.18%**
	Mattawa	*1,870*	*0.0562%*		$6,020	$11,086	**$5,066**	**84.14%**
	Moses Lake	*14,190*	*0.4261%*		$45,684	$97,570	**$51,886**	**113.57%**
	Quincy	*4,120*	*0.1237%*		$13,264	$34,504	**$21,240**	**160.13%**
	Royal City	*1,600*	*0.0480%*		$5,151	$10,946	**$5,795**	**112.49%**
	Soap Lake	*1,484*	*0.0446%*		$4,778	$17,581	**$12,803**	**267.98%**
	Warden	*2,315*	*0.0695%*		$7,453	$21,149	**$13,696**	**183.76%**
	Wilson Creek	*231*	*0.0069%*		$744	$4,049	**$3,305**	**444.43%**
Grays Harbor				*1.4972%*	$288,630	$188,710	**($99,920)**	**-34.62%**
	Aberdeen	*16,420*	*0.4930%*		$52,864	$73,289	**$20,425**	**38.64%**
	Cosmopolis	*1,555*	*0.0467%*		$5,006	$8,304	**$3,298**	**65.88%**
	Elma	*3,045*	*0.0914%*		$9,803	$15,724	**$5,920**	**60.39%**
	Hoquiam	*8,995*	*0.2701%*		$28,959	$41,317	**$12,358**	**42.67%**
	McCleary	*1,565*	*0.0470%*		$5,038	$7,656	**$2,617**	**51.94%**
	Montesano*	*3,580*	*0.1075%*		$11,526	$19,111	**$7,585**	**65.81%**
	Oakville	*670*	*0.0201%*		$2,157	$4,834	**$2,677**	**124.09%**
	Ocean Shores	*3,270*	*0.0982%*		$10,528	$49,428	**$38,901**	**369.51%**
	Westport	*2,075*	*0.0623%*		$6,680	$17,087	**$10,407**	**155.78%**
Island				*1.4504%*	$279,608	$269,224	**($10,384)**	**-3.71%**
	Coupeville*	*1,640*	*0.0492%*		$5,280	$15,950	**$10,671**	**202.10%**
	Langley	*1,095*	*0.0329%*		$3,525	$10,328	**$6,802**	**192.96%**
	Oak Harbor	*20,830*	*0.6255%*		$67,062	$115,889	**$48,828**	**72.81%**
Jefferson				*0.9277%*	$178,842	$146,270	**($32,572)**	**-18.21%**
	Port Townsend*	*8,400*	*0.2522%*		$27,044	$83,319	**$56,275**	**208.09%**
King				*11.0033%*	$2,121,216	$1,982,885	**($138,331)**	**-6.52%**
	Algona	*2,110*	*0.0634%*		$6,793	$15,344	**$8,551**	**125.87%**
	Auburn	*38,980*	*1.1704%*		$125,495	$161,444	**$35,949**	**28.65%**
	Beaux Arts	*289*	*0.0087%*		$930	$2,484	**$1,554**	**166.97%**
	Bellevue	*106,200*	*3.1889%*		$341,909	$412,049	**$70,140**	**20.51%**
	Black Diamond	*3,825*	*0.1149%*		$12,315	$25,073	**$12,758**	**103.60%**
	Bothell (part)**	*14,500*	*0.4354%*		$46,682	$59,560	**$12,877**	**27.58%**

Scenario 2 -- DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Burien	*29,770*	*0.8939%*		$95,844	$122,030	**$26,186**	**27.32%**
	Carnation	*1,785*	*0.0536%*		$5,747	$8,778	**$3,031**	**52.75%**
	Clyde Hill	*2,883*	*0.0866%*		$9,282	$19,697	**$10,415**	**112.21%**
	Covington	*13,010*	*0.3906%*		$41,885	$58,408	**$16,522**	**39.45%**
	Des Moines	*27,160*	*0.8155%*		$87,441	$110,899	**$23,458**	**26.83%**
	Duvall	*4,435*	*0.1332%*		$14,278	$25,572	**$11,293**	**79.09%**
	Enumclaw	*10,740*	*0.3225%*		$34,577	$53,184	**$18,606**	**53.81%**
	Federal Way	*76,910*	*2.3094%*		$247,610	$277,877	**$30,267**	**12.22%**
	Hunts Point	*472*	*0.0142%*		$1,520	$2,406	**$886**	**58.33%**
	Issaquah	*10,130*	*0.3042%*		$32,613	$54,057	**$21,444**	**65.75%**
	Kenmore	*17,168*	*0.5155%*		$55,272	$69,685	**$14,413**	**26.08%**
	Kent	*73,060*	*2.1938%*		$235,215	$267,647	**$32,432**	**13.79%**
	Kirkland	*44,860*	*1.3470%*		$144,426	$190,918	**$46,492**	**32.19%**
	Lake Forest Park	*13,040*	*0.3916%*		$41,982	$57,907	**$15,925**	**37.93%**
	Maple Valley	*12,540*	*0.3765%*		$40,372	$57,326	**$16,954**	**41.99%**
	Medina	*2,940*	*0.0883%*		$9,465	$16,434	**$6,968**	**73.62%**
	Mercer Island	*21,570*	*0.6477%*		$69,444	$94,049	**$24,605**	**35.43%**
	Milton (part)**	*895*	*0.0269%*		$2,881	$10,374	**$7,492**	**260.02%**
	Newcastle	*8,605*	*0.2584%*		$27,704	$57,379	**$29,676**	**107.12%**
	Normandy Park	*7,035*	*0.2112%*		$22,649	$33,840	**$11,191**	**49.41%**
	North Bend	*3,815*	*0.1146%*		$12,282	$26,754	**$14,471**	**117.82%**
	Pacific (part)**	*5,470*	*0.1642%*		$17,611	$21,129	**$3,518**	**19.98%**
	Redmond	*43,610*	*1.3095%*		$140,402	$173,808	**$33,406**	**23.79%**
	Renton	*47,620*	*1.4299%*		$153,312	$208,656	**$55,345**	**36.10%**
	SeaTac	*23,570*	*0.7077%*		$75,883	$100,929	**$25,046**	**33.01%**
	Seattle*	*540,500*	*16.2295%*		$1,740,129	$1,770,376	**$30,246**	**1.74%**
	Shoreline	*52,030*	*1.5623%*		$167,510	$179,491	**$11,982**	**7.15%**
	Skykomish	*275*	*0.0083%*		$885	$2,446	**$1,561**	**176.31%**
	Snoqualmie	*1,980*	*0.0595%*		$6,375	$15,564	**$9,190**	**144.16%**
	Tukwila	*14,840*	*0.4456%*		$47,777	$77,422	**$29,645**	**62.05%**
	Woodinville	*10,250*	*0.3078%*		$33,000	$45,793	**$12,794**	**38.77%**
	Yarrow Point	*980*	*0.0294%*		$3,155	$4,909	**$1,754**	**55.58%**
Kitsap				*3.6178%*	$697,439	$648,371	**($49,069)**	**-7.04%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Bainbridge Island	*19,840*	*0.5957%*		$63,874	$131,898	**$68,024**	**106.50%**
	Bremerton	*36,270*	*1.0891%*		$116,771	$177,907	**$61,137**	**52.36%**
	Port Orchard*	*7,255*	*0.2178%*		$23,357	$40,961	**$17,603**	**75.37%**
	Poulsbo	*6,445*	*0.1935%*		$20,750	$35,138	**$14,388**	**69.34%**
Kittitas				*1.2927%*	$249,207	$142,466	**($106,741)**	**-42.83%**
	Cle Elum	*1,795*	*0.0539%*		$5,779	$17,566	**$11,787**	**203.97%**
	Ellensburg*	*14,230*	*0.4273%*		$45,813	$89,668	**$43,855**	**95.73%**
	Kittitas	*1,135*	*0.0341%*		$3,654	$8,433	**$4,779**	**130.79%**
	Roslyn	*938*	*0.0282%*		$3,020	$11,543	**$8,523**	**282.23%**
	South Cle Elum	*510*	*0.0153%*		$1,642	$5,286	**$3,644**	**221.93%**
Klickitat				*1.7453%*	$336,459	$184,164	**($152,295)**	**-45.26%**
	Bingen	*705*	*0.0212%*		$2,270	$13,337	**$11,068**	**487.62%**
	Goldendale*	*3,570*	*0.1072%*		$11,494	$47,280	**$35,787**	**311.36%**
	White Salmon	*2,035*	*0.0611%*		$6,552	$31,939	**$25,387**	**387.50%**
Lewis				*2.2308%*	$430,054	$291,459	**($138,595)**	**-32.23%**
	Centralia	*13,620*	*0.4090%*		$43,849	$87,583	**$43,734**	**99.74%**
	Chehalis*	*7,010*	*0.2105%*		$22,569	$48,004	**$25,436**	**112.70%**
	Morton	*1,275*	*0.0383%*		$4,105	$11,115	**$7,010**	**170.78%**
	Mossyrock	*565*	*0.0170%*		$1,819	$4,566	**$2,747**	**151.02%**
	Napavine	*1,255*	*0.0377%*		$4,040	$8,675	**$4,634**	**114.69%**
	Pe Ell	*685*	*0.0206%*		$2,205	$5,034	**$2,829**	**128.27%**
	Toledo	*690*	*0.0207%*		$2,221	$5,526	**$3,305**	**148.76%**
	Vader	*490*	*0.0147%*		$1,578	$4,274	**$2,696**	**170.90%**
	Winlock	*1,225*	*0.0368%*		$3,944	$11,393	**$7,449**	**188.87%**
Lincoln				*2.8619%*	$551,717	$192,051	**($359,667)**	**-65.19%**
	Almira	*304*	*0.0091%*		$979	$12,945	**$11,966**	**1222.61%**
	Creston	*250*	*0.0075%*		$805	$10,950	**$10,145**	**1260.51%**
	Davenport*	*1,778*	*0.0534%*		$5,724	$25,666	**$19,941**	**348.37%**
	Harrington	*482*	*0.0145%*		$1,552	$15,389	**$13,837**	**891.68%**
	Odessa	*975*	*0.0293%*		$3,139	$27,170	**$24,031**	**765.55%**
	Reardan	*610*	*0.0183%*		$1,964	$17,146	**$15,182**	**773.08%**
	Sprague	*455*	*0.0137%*		$1,465	$15,018	**$13,553**	**925.22%**
	Wilbur	*895*	*0.0269%*		$2,881	$33,589	**$30,707**	**1065.70%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
Mason				*1.4448%*	$278,529	$248,916	**($29,613)**	**-10.63%**
	Shelton*	*7,810*	*0.2345%*		$25,144	$86,376	**$61,232**	**243.52%**
Okanogan				*2.2388%*	$431,596	$240,769	**($190,827)**	**-44.21%**
	Brewster	*2,065*	*0.0620%*		$6,648	$19,869	**$13,221**	**198.86%**
	Conconully	*200*	*0.0060%*		$644	$3,183	**$2,540**	**394.41%**
	Coulee Dam (part)**	*880*	*0.0264%*		$2,833	$5,303	**$2,470**	**87.19%**
	Elmer City	*310*	*0.0093%*		$998	$4,265	**$3,267**	**327.32%**
	Nespelem	*265*	*0.0080%*		$853	$2,377	**$1,524**	**178.60%**
	Okanogan*	*2,385*	*0.0716%*		$7,678	$20,276	**$12,597**	**164.06%**
	Omak	*4,545*	*0.1365%*		$14,633	$39,481	**$24,849**	**169.82%**
	Oroville	*1,585*	*0.0476%*		$5,103	$16,469	**$11,366**	**222.74%**
	Pateros	*630*	*0.0189%*		$2,028	$6,345	**$4,317**	**212.85%**
	Riverside	*350*	*0.0105%*		$1,127	$3,897	**$2,770**	**245.86%**
	Tonasket	*1,010*	*0.0303%*		$3,252	$9,270	**$6,018**	**185.07%**
	Twisp	*990*	*0.0297%*		$3,187	$12,522	**$9,335**	**292.88%**
	Winthrop	*380*	*0.0114%*		$1,223	$5,156	**$3,932**	**321.44%**
Pacific				*0.9171%*	$176,799	$130,139	**($46,660)**	**-26.39%**
	Ilwaco	*860*	*0.0258%*		$2,769	$9,231	**$6,463**	**233.41%**
	Long Beach	*1,440*	*0.0432%*		$4,636	$15,821	**$11,185**	**241.25%**
	Raymond	*2,950*	*0.0886%*		$9,497	$29,596	**$20,099**	**211.62%**
	South Bend*	*1,650*	*0.0495%*		$5,312	$16,299	**$10,987**	**206.82%**
Pend Oreille				*1.0218%*	$196,983	$127,005	**($69,977)**	**-35.52%**
	Cusick	*246*	*0.0074%*		$792	$4,902	**$4,110**	**518.92%**
	Ione	*452*	*0.0136%*		$1,455	$6,845	**$5,389**	**370.35%**
	Metaline	*172*	*0.0052%*		$554	$2,913	**$2,359**	**426.05%**
	Metaline Falls	*230*	*0.0069%*		$740	$3,460	**$2,720**	**367.26%**
	Newport*	*1,980*	*0.0595%*		$6,375	$39,973	**$33,599**	**527.07%**
Pierce				*7.7284%*	$1,489,881	$1,264,521	**($225,360)**	**-15.13%**
	Bonney Lake	*10,060*	*0.3021%*		$32,388	$44,854	**$12,466**	**38.49%**
	Buckley	*3,980*	*0.1195%*		$12,814	$24,795	**$11,982**	**93.51%**
	Carbonado	*649*	*0.0195%*		$2,089	$3,759	**$1,670**	**79.91%**
	DuPont	*1,755*	*0.0527%*		$5,650	$12,265	**$6,615**	**117.08%**
	Eatonville	*1,915*	*0.0575%*		$6,165	$10,689	**$4,524**	**73.38%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Edgewood	*10,700*	*0.3213%*		$34,448	$49,848	**$15,399**	**44.70%**
	Fife	*5,155*	*0.1548%*		$16,596	$27,484	**$10,888**	**65.60%**
	Fircrest	*5,935*	*0.1782%*		$19,108	$31,296	**$12,189**	**63.79%**
	Gig Harbor	*6,405*	*0.1923%*		$20,621	$27,866	**$7,246**	**35.14%**
	Lakewood	*63,820*	*1.9163%*		$205,467	$214,878	**$9,410**	**4.58%**
	Milton (part)**	*4,785*	*0.1437%*		$15,405	$19,941	**$4,535**	**29.44%**
	Orting	*3,825*	*0.1149%*		$12,315	$14,840	**$2,526**	**20.51%**
	Pacific (part)**	*195*	*0.0059%*		$628	$7,553	**$6,925**	**1103.13%**
	Puyallup	*30,740*	*0.9230%*		$98,967	$142,382	**$43,415**	**43.87%**
	Roy	*370*	*0.0111%*		$1,191	$5,014	**$3,823**	**320.91%**
	Ruston	*745*	*0.0224%*		$2,399	$5,524	**$3,126**	**130.31%**
	South Prairie	*485*	*0.0146%*		$1,561	$3,317	**$1,755**	**112.41%**
	Steilacoom	*6,240*	*0.1874%*		$20,090	$29,994	**$9,905**	**49.30%**
	Sumner	*8,495*	*0.2551%*		$27,349	$39,226	**$11,877**	**43.43%**
	Tacoma*	*187,200*	*5.6210%*		$602,687	$763,911	**$161,224**	**26.75%**
	University Place	*29,550*	*0.8873%*		$95,136	$112,525	**$17,390**	**18.28%**
	Wilkeson	*430*	*0.0129%*		$1,384	$3,168	**$1,784**	**128.85%**
San Juan				*0.6212%*	$119,755	$119,498	**($257)**	**-0.21%**
	Friday Harbor*	*1,900*	*0.0571%*		$6,117	$38,061	**$31,944**	**522.21%**
Skagit				*2.1132%*	$407,383	$384,002	**($23,381)**	**-5.74%**
	Anacortes	*14,370*	*0.4315%*		$46,264	$102,551	**$56,288**	**121.67%**
	Burlington	*5,635*	*0.1692%*		$18,142	$31,156	**$13,014**	**71.74%**
	Concrete	*780*	*0.0234%*		$2,511	$9,021	**$6,509**	**259.21%**
	Hamilton	*300*	*0.0090%*		$966	$3,135	**$2,170**	**224.63%**
	La Conner	*800*	*0.0240%*		$2,576	$5,177	**$2,601**	**100.99%**
	Lyman	*320*	*0.0096%*		$1,030	$2,331	**$1,301**	**126.28%**
	Mount Vernon*	*22,700*	*0.6816%*		$73,082	$102,483	**$29,401**	**40.23%**
	Sedro-Woolley	*8,010*	*0.2405%*		$25,788	$37,698	**$11,910**	**46.19%**
Skamania				*0.5871%*	$113,181	$102,958	**($10,223)**	**-9.03%**
	North Bonneville	*596*	*0.0179%*		$1,919	$13,946	**$12,027**	**626.81%**
	Stevenson*	*1,275*	*0.0383%*		$4,105	$24,386	**$20,282**	**494.09%**
Snohomish				*6.2702%*	$1,208,769	$1,229,369	**$20,600**	**1.70%**
	Arlington	*7,350*	*0.2207%*		$23,663	$42,127	**$18,464**	**78.03%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Bothell (part)**	*13,310*	*0.3997%*		$42,851	$56,077	**$13,226**	**30.87%**
	Brier	*6,350*	*0.1907%*		$20,444	$28,850	**$8,406**	**41.12%**
	Darrington	*1,245*	*0.0374%*		$4,008	$7,216	**$3,208**	**80.03%**
	Edmonds	*38,610*	*1.1593%*		$124,304	$160,714	**$36,410**	**29.29%**
	Everett*	*86,730*	*2.6042%*		$279,226	$362,913	**$83,688**	**29.97%**
	Gold Bar	*1,810*	*0.0543%*		$5,827	$9,801	**$3,974**	**68.19%**
	Granite Falls	*2,010*	*0.0604%*		$6,471	$9,130	**$2,658**	**41.08%**
	Index	*140*	*0.0042%*		$451	$1,522	**$1,071**	**237.70%**
	Lake Stevens	*6,100*	*0.1832%*		$19,639	$27,728	**$8,089**	**41.19%**
	Lynnwood	*33,140*	*0.9951%*		$106,694	$125,548	**$18,855**	**17.67%**
	Marysville	*20,680*	*0.6210%*		$66,579	$93,559	**$26,981**	**40.52%**
	Mill Creek	*11,110*	*0.3336%*		$35,768	$48,431	**$12,662**	**35.40%**
	Monroe	*11,450*	*0.3438%*		$36,863	$52,089	**$15,226**	**41.31%**
	Mountlake Terrace	*20,270*	*0.6086%*		$65,259	$81,547	**$16,288**	**24.96%**
	Mukilteo	*17,180*	*0.5159%*		$55,311	$73,164	**$17,854**	**32.28%**
	Snohomish	*8,250*	*0.2477%*		$26,561	$38,783	**$12,222**	**46.02%**
	Stanwood	*3,380*	*0.1015%*		$10,882	$19,588	**$8,706**	**80.01%**
	Sultan	*2,955*	*0.0887%*		$9,514	$19,697	**$10,183**	**107.04%**
	Woodway	*990*	*0.0297%*		$3,187	$7,164	**$3,977**	**124.77%**
Spokane				*7.5319%*	$1,452,000	$1,060,028	**($391,972)**	**-27.00%**
	Airway Heights	*4,495*	*0.1350%*		$14,472	$22,463	**$7,991**	**55.22%**
	Cheney	*8,545*	*0.2566%*		$27,510	$41,064	**$13,553**	**49.27%**
	Deer Park	*2,965*	*0.0890%*		$9,546	$28,357	**$18,812**	**197.07%**
	Fairfield	*605*	*0.0182%*		$1,948	$5,442	**$3,494**	**179.41%**
	Latah	*212*	*0.0064%*		$683	$3,772	**$3,090**	**452.67%**
	Medical Lake	*3,870*	*0.1162%*		$12,459	$22,736	**$10,276**	**82.48%**
	Millwood	*1,665*	*0.0500%*		$5,360	$15,859	**$10,499**	**195.85%**
	Rockford	*517*	*0.0155%*		$1,664	$5,168	**$3,503**	**210.48%**
	Spangle	*255*	*0.0077%*		$821	$2,573	**$1,752**	**213.41%**
	Spokane*	*189,200*	*5.6811%*		$609,126	$829,902	**$220,776**	**36.24%**
	Waverly	*130*	*0.0039%*		$419	$3,072	**$2,653**	**633.99%**
Stevens				*2.4368%*	$469,766	$276,015	**($193,751)**	**-41.24%**
	Chewelah	*2,435*	*0.0731%*		$7,839	$31,210	**$23,371**	**298.12%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Colville*	*4,750*	*0.1426%*		$15,293	$51,216	**$35,924**	**234.91%**
	Kettle Falls	*1,535*	*0.0461%*		$4,942	$15,905	**$10,963**	**221.83%**
	Marcus	*154*	*0.0046%*		$496	$2,903	**$2,407**	**485.43%**
	Northport	*312*	*0.0094%*		$1,004	$5,175	**$4,170**	**415.19%**
	Springdale	*260*	*0.0078%*		$837	$8,785	**$7,948**	**949.50%**
Thurston				*3.1033%*	$598,254	$546,053	**($52,201)**	**-8.73%**
	Bucoda	*645*	*0.0194%*		$2,077	$3,951	**$1,875**	**90.28%**
	Lacey	*29,020*	*0.8714%*		$93,429	$125,616	**$32,187**	**34.45%**
	Olympia*	*40,210*	*1.2074%*		$129,455	$197,695	**$68,240**	**52.71%**
	Rainier	*1,570*	*0.0471%*		$5,055	$12,888	**$7,833**	**154.97%**
	Tenino	*1,600*	*0.0480%*		$5,151	$10,886	**$5,735**	**111.33%**
	Tumwater	*12,530*	*0.3762%*		$40,340	$65,477	**$25,137**	**62.31%**
	Yelm	*2,750*	*0.0826%*		$8,854	$26,215	**$17,362**	**196.10%**
Wahkiakum				*0.5833%*	$112,449	$82,380	**($30,069)**	**-26.74%**
	Cathlamet*	*545*	*0.0164%*		$1,755	$25,243	**$23,488**	**1338.64%**
Walla Walla				*1.9344%*	$372,914	$178,838	**($194,076)**	**-52.04%**
	College Place	*7,395*	*0.2220%*		$23,808	$37,895	**$14,087**	**59.17%**
	Prescott	*335*	*0.0101%*		$1,079	$3,570	**$2,491**	**231.00%**
	Waitsburg	*1,200*	*0.0360%*		$3,863	$10,718	**$6,855**	**177.43%**
	Walla Walla*	*29,200*	*0.8768%*		$94,009	$160,477	**$66,468**	**70.70%**
Whatcom				*2.4739%*	$476,918	$399,495	**($77,424)**	**-16.23%**
	Bellingham*	*64,070*	*1.9238%*		$206,272	$297,674	**$91,402**	**44.31%**
	Blaine	*3,640*	*0.1093%*		$11,719	$22,146	**$10,427**	**88.98%**
	Everson	*1,840*	*0.0552%*		$5,924	$8,280	**$2,356**	**39.78%**
	Ferndale	*7,925*	*0.2380%*		$25,514	$38,335	**$12,820**	**50.25%**
	Lynden	*8,910*	*0.2675%*		$28,686	$39,456	**$10,770**	**37.54%**
	Nooksack	*890*	*0.0267%*		$2,865	$5,598	**$2,733**	**95.39%**
	Sumas	*976*	*0.0293%*		$3,142	$11,482	**$8,340**	**265.41%**
Whitman				*2.7922%*	$538,280	$182,299	**($355,982)**	**-66.13%**
	Albion	*685*	*0.0206%*		$2,205	$7,759	**$5,553**	**251.81%**
	Colfax*	*2,880*	*0.0865%*		$9,272	$37,805	**$28,533**	**307.73%**
	Colton	*370*	*0.0111%*		$1,191	$5,026	**$3,835**	**321.90%**
	Endicott	*351*	*0.0105%*		$1,130	$4,943	**$3,813**	**337.46%**

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Farmington	*150*	*0.0045%*		$483	$5,444	**$4,961**	**1027.23%**
	Garfield	*592*	*0.0178%*		$1,906	$8,726	**$6,820**	**357.84%**
	LaCrosse	*380*	*0.0114%*		$1,223	$5,069	**$3,846**	**314.33%**
	Lamont	*85*	*0.0026%*		$274	$1,738	**$1,464**	**534.99%**
	Malden	*265*	*0.0080%*		$853	$3,886	**$3,033**	**355.53%**
	Oakesdale	*445*	*0.0134%*		$1,433	$10,145	**$8,712**	**608.11%**
	Palouse	*985*	*0.0296%*		$3,171	$11,112	**$7,940**	**250.39%**
	Pullman	*25,630*	*0.7696%*		$82,515	$132,045	**$49,530**	**60.03%**
	Rosalia	*644*	*0.0193%*		$2,073	$12,376	**$10,302**	**496.90%**
	St. John	*555*	*0.0167%*		$1,787	$8,566	**$6,779**	**379.40%**
	Tekoa	*815*	*0.0245%*		$2,624	$11,746	**$9,122**	**347.65%**
	Uniontown	*330*	*0.0099%*		$1,062	$6,223	**$5,160**	**485.69%**
Yakima				*3.9733%*	$765,973	$560,978	**($204,994)**	**-26.76%**
	Grandview	*8,190*	*0.2459%*		$26,368	$44,290	**$17,923**	**67.97%**
	Granger	*2,255*	*0.0677%*		$7,260	$11,854	**$4,594**	**63.28%**
	Harrah	*545*	*0.0164%*		$1,755	$3,176	**$1,421**	**80.98%**
	Mabton	*1,655*	*0.0497%*		$5,328	$10,117	**$4,789**	**89.88%**
	Moxee	*1,050*	*0.0315%*		$3,380	$7,833	**$4,453**	**131.72%**
	Naches	*715*	*0.0215%*		$2,302	$4,733	**$2,431**	**105.61%**
	Selah	*6,005*	*0.1803%*		$19,333	$27,683	**$8,350**	**43.19%**
	Sunnyside	*12,290*	*0.3690%*		$39,567	$58,191	**$18,624**	**47.07%**
	Tieton	*1,122*	*0.0337%*		$3,612	$6,444	**$2,831**	**78.39%**
	Toppenish	*7,940*	*0.2384%*		$25,563	$34,614	**$9,052**	**35.41%**
	Union Gap	*5,350*	*0.1606%*		$17,224	$31,917	**$14,693**	**85.30%**
	Wapato	*3,975*	*0.1194%*		$12,797	$19,496	**$6,698**	**52.34%**
	Yakima*	*65,500*	*1.9668%*		$210,876	$270,723	**$59,847**	**28.38%**
	Zillah	*2,395*	*0.0719%*		$7,711	$16,521	**$8,810**	**114.26%**
		3,330,351	*100.0000%*	*100.0000%*	$19,280,881	$30,119,383	**$10,838,501**	**56.21%**
					$10,719,119	$10,838,501	$119,383	1.11%
*	County Seat							
					<<Totals May Not Add Due to Rounding>>			
**	Totals for Cities in Multiple Counties:							
	Bothell				$89,534	$115,637	$26,103	29.15%

Scenario 2 - DISTRIBUTION COMPARISON

County	City	*City Population*	*City Percent of Total City Population*	*Current County Allocation Factor*	**Distribution Based on Existing Formula**	**Distribution Based on Scenario #2**	**Difference**	**Percent Change**
	Coulee Dam				$3,519	$10,405	$6,886	195.69%
	Milton				$18,287	$30,314	$12,028	65.77%
	Pacific				$18,238	$28,682	$10,444	57.26%
	Woodland				$11,960	$22,227	$10,266	85.84%

Blue Ribbon Commission on Transportation
Revenue Committee Final Report
Attachment 3

20-Year Revenue Return Analysis -- Washington Highway System Plan

(Based on Historical Trend Revenue Forecast, $ in millions)

	Revenue Forecasts in $ millions		Highway System Plan Program Expenditures in $ millions						Revenue Return Ratios in %			Total Funds for Improvement Programs Available to MPOs and RTPOs				Change from Total Funds Available under Highway System Plan			
RTPO, MPO, or County	Historical Trend	New Current Law	Basics*	Environ. Retrofit**	Economic Initiatives	Mobility***	Total Improve-ments	HSP Total	Highway System Plan Return	HSP Return if Basics only	Return if Basics, Env. and Econ. I.	Revenue Return Rate 90%	85%	80%	75%	Revenue Return Rate 90%	85%	80%	75%
Ben Franklin Regional Council	762	374	518	9	72	218	299	817	107%	68%	79%	168	130	92	54	-131	-169	-208	-246
Island/Skagit	520	279	440	1	31	246	277	717	138%	85%	91%					-277	-277	-277	-277
North Central	431	232	635	8	22	209	238	873	203%	147%	154%					-238	-238	-238	-238
Palouse	68	39	137	0	1	5	6	143	209%	201%	203%					-46	-46	-46	-46
Peninsula	417	211	734	6	12	126	144	878	211%	176%	180%					-320	-320	-320	-320
Puget Sound Regional Council	10,566	4,974	2,955	146	290	4,315	4,751	7,706	73%	28%	32%	6,554	6,026	5,498	4,969	1,803	1,275	746	218
Quad County	414	239	1,007	14	69	191	274	1,281	309%	243%	263%					-274	-274	-274	-274
Spokane Regional Transportation Council	1,398	675	624	15	11	438	464	1,088	78%	45%	46%	635	565	495	425	170	100	30	-40
Southwest Washington	806	424	1,211	13	159	295	467	1,678	208%	150%	172%					-467	-467	-467	-467
Southwest Regional Transportation Council	986	477	514	5	35	333	373	886	90%	52%	56%	374	324	275	226	1	-48	-98	-147
Tri-County	123	71	314	0	72	43	115	429	348%	255%	313%					-115	-115	-115	-115
Thurston Regional Planning Council	632	313	212	12	1	218	232	443	70%	34%	36%	357	326	294	262	126	94	62	31
Whatcom County COG	677	363	327	5	96	212	313	640	95%	48%	63%	282	248	215	181	-31	-65	-99	-132
Yakima Valley	532	303	355	5	30	69	104	459	86%	67%	73%	124	98	71	44	20	-6	-33	-59
San Juan	38	22	6	0	0	0	0	6	15%	15%	15%	29	27	25	23	29	27	25	23
Wahkiakum	9	5	36	0	13	2	15	51	550%	383%	527%					-15	-15	-15	-15
State Total	18,380	9,000	10,023	240	960	7,090	8,290	18,313	100%	55%	61%	8,523	7,744	6,964	6,184	8,523	7,744	6,964	6,184
Equalization Fund												-166	614	1,393	2,173	-166	614	1,393	2,173

* The *Basics* are defined as the Highway System Plan's 20-year programs for operations, maintenance, preservation and safety. Does not include seismic retrofit of Alaskan Way Viaduct.
** Does not include ESA
*** Does not include SR-520 or I-405 corridors

Minimum guaranteed return scenarios are calculated after full funding of 20-year program of Basics in all regions of the state.

Blue Ribbon Commission on Transportation
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Attachment 4

Tax Increment Financing

Tax increment financing is a mechanism that earmarks increases in property tax values or excise tax revenues to finance public investments. Tax increment financing (TIF) has been statutorily authorized in Washington, but has been ruled unconstitutional by the state Supreme Court. Three attempts have been made to ask the voters to amend the state constitution to allow TIF, but each attempt failed to achieve the required majority. A number of bills have been introduced in the state legislature over the past several years that would use tax increment financing for the purpose of financing community revitalization projects. None of the bills passed.

How Tax Increment Financing Works

Tax increment financing is a method of allocating a portion of taxes in a certain area or "district" to finance economic development or capital improvements. Typically, in using tax increment financing, a local government or quasi-municipal corporation issues bonds to finance public improvements in a specified area. The public improvements tend to cause the property values within the district to rise over time thus increasing property taxes. The difference between the existing property tax collections in the district and the higher property tax collections – the increment – is used to pay off the bonds. Many states' urban renewal programs were based on tax increment financing.

According to the National Conference of State Legislatures (NCSL), tax increment financing is statutorily authorized in 46 states including Washington. In fact, Washington does statutorily authorize TIF, but provisions of the state constitution have been interpreted to prohibit its use, making TIF unusable in Washington. A constitutional amendment would be necessary in Washington to avoid violating the uniformity clause of the state constitution that says taxes must be uniform upon the same class of property within the territorial limits of the authority levying the tax.

In Washington, tax increment financing was placed on the statewide ballot in 1973 as Community Redevelopment and failed by more than a 2-to-1 margin. In 1982, it was placed on the ballot again and failed by a 69% margin. In 1982 legislature statutorily authorized tax increment financing as "The Community Redevelopment Financing Act" (39.88) and it remains in statute today. In 1985, a third constitutional amendment authorizing TIF was placed on the ballot and failed by a 59% margin.

In 1995, the Washington Supreme Court invalidated the City of Spokane's use of the 1982 Community Redevelopment Financing Act. Spokane had attempted to use the act to redevelop an area in downtown Spokane.

Recent Legislation in Washington State

Efforts have been made in recent years to pass state legislation that would allow creation of "community revitalization districts." These districts could be small areas within cities, not necessarily coterminous with any existing taxing district boundaries, and have the authority to finance public improvements through tax increment financing. The most broadly defined version of a community revitalization project was "infrastructure improvements for streets, sewers, parks, parking, health and safety improvements, publicly owned or leased facilities, and expenditure for providing environmental analysis, professional management, planning, and promotion within the district, providing maintenance and security for common or public areas, or historic preservation activities."

Recently, the City of Tacoma has repackaged TIF legislation and sought state legislative approval of what is now known as the Community Revitalization Act. The 1999 version of Tacoma's legislation authorized a portion of the incremental sales tax and business and occupation taxes in the apportionment district to be used to finance community revitalization projects. Since this legislation would divert revenue intended for the state, the legislation capped the allocation to $1 million per project and $4 million annually statewide.

Two tax increment financing bills, HB 2852 and HB 2315, were introduced during the 2000 legislative session. Each provided for the allocation of a portion of excise taxes and/or property taxes for a limited time to assist local governments in the financing of needed public improvements to encourage private development. Both bills died in committee.

HB 2852 provided for financing with increases in state and local retail sales and use tax, and 50% of increased property value occurring in a tax increment area (affecting local property taxes only). The bill also authorized an optional sales and use tax for cities between 0.033% to 0.017%, depending upon the density of the county. The excise tax revenues to finance a community revitalization project were limited to $5 million per year per project. The aggregate total revenue available from the state apportionment was limited to 0.2% of the state general fund annual budget.

HB 2315 authorized financing with increases of the state and local sales and use tax, and the state B&O tax. The excise tax revenues to finance a community revitalization project were limited to $5 million per year per project. The aggregate total revenue available from the state apportionment was limited to 0.2% of the state general fund annual budget.

Local Improvement Districts

A similar tool to tax increment financing is the local improvement district (LID) which is authorized and in use in Washington. An LID is usually initiated at the request of private property owners who want an improvement in their area (e.g., new streets or sidewalks). The governing jurisdiction completes the improvements and issues LID bonds to pay for them. A defined boundary is established within which it is determined that the properties benefit from the project. The property owners within the district are assessed, through property taxes, the value added to their property by the public project. Appraisals of

each property's value are conducted before and after the completion of the project and the assessments are required to be equal to or less than the actual increase in any property's value.

LIDs are distinguished from tax increment financing by the following: in an LID project, the property owners are specifically assessed the value added to their property by the improvement. In a TIF improvement, assessments are not made on individual properties. Rather, the general increase in taxes collected by the jurisdiction within the boundaries of the TIF district is used to pay off the bonds.

Restrictions and Issues with TIF

Property Taxes. In 1995, the Washington State Supreme Court invalidated the state's tax increment financing statutes implemented by the City of Spokane. In Leonard v. Washington, the court determined that the tax increment financing statutes violated *Article 9, Section 2* of the State Constitution, which restricts the use of the state property tax exclusively for common schools.

Another argument raised against tax increment financing is based on the violation of the uniformity clause. *Article 7, Section 1* requires all taxes on individuals and property to be uniform within the taxing district. It is argued that tax increment financing treats property differently within the taxing district.

Other constitutional issues may also be raised with tax increment financing using the property tax. Under *Article 7, Section 5*, the constitution states "No tax shall be levied except in pursuance of law; and every law imposing a tax shall state distinctly the object of the same to which only it shall be applied." An argument could be raised that the property tax dollars under tax increment financing are used for some other purpose than what was stated.

Excise Taxes. A different constitutional restriction may apply to tax increment financing mechanisms that propose to use sales or B&O taxes. *Article 11, Section 12* prohibits the state legislature from imposing taxes on cities or counties for municipal purposes, but can vest the power in the municipal corporations to assess and collect taxes. Tax increment financing challenges this language and raises questions regarding the relation between the jurisdictions that collect the tax and the jurisdiction that benefits from the tax.

In addition to the constitutional question, the tax increment financing mechanisms under recent legislation would require costly administrative changes for the Department of Revenue. For example, all retail sales are assigned a locator code based on the location of the sale. This code determines how the sales tax dollars are distributed. Under HB 2852 and HB 2315, new locator codes would have to have been developed and implemented for "community revitalization districts" and a lag year would have to be provided to give the department and retailers time to implement a new code and collect a year's worth of baseline data.

In addition, no mechanism exists that could allocate state B&O taxes to a specific geographical area under current law. Much of the state B&O tax liability is reported from out-of-state headquarters

locations, and there is no method of determining where within the state the actual activity took place. Under the recent TIF proposals, a new mechanism for collecting information on B&O taxes would have to be developed. The Department of Revenue would be unable to absorb the cost of these administrative changes. Under both HB 2852 and HB 2315, an administrative fee of up to 2% of the taxes collected is provided to the department for expenses incurred.

If tax increment financing is to be a viable option in Washington, a constitutional amendment would be the safest, but most difficult, plan of action. Constitutional amendments require a two-thirds majority of the state legislature and voter approval. Legislative proposals could be initiated or reintroduced in the case of HB 2852 and HB 2315, but substantial controversy exists regarding the constitutionality of legislation authorizing tax increment financing.

Another significant issue exists in determining how a TIF district would be developed around a transportation project. While some states have successfully used TIF to finance transit centers, no instances were found in which a highway project had been funded using TIF. Questions include: Would the authorizing entity be the state, local and/or regional government? How would the district that benefits from a major transportation project be defined? What revenue sources would be used to finance the project?

Revenue Potential

Potential revenue to be collected under a tax increment financing model is very difficult to estimate, since the number, size or specific location of jurisdictions that would use this financing mechanism are not known, nor are the projects that might be financed. The state fiscal note for HB 2315 assumed all cities would participate, since it could not be determined which cities would use the program. Without a program cap, the state revenue loss in the first year could be about $53 million, and would approach $350 million per year in six years.

Since the bill did establish a cap, the first few cities that participate in the program would use up the revenue cap. Since the revenue loss of the program would exceed the cap, the 0.2% of general fund cap was assumed to be the revenue impact in the state fiscal note. Under that assumption, the 1999-2001 biennium cost would be $21.8 million (effective date assumed to be July 1, 2000) and $45.5 million in the 2001-2003 biennium. The tax increment district would receive that amount plus the reallocated local tax revenue, estimated to be $2.5 million in FY 2001, and up to $2.8 million in FY 2005. The administrative cost was estimated to be $441,400 in FY 2001, and up to $438,600 for the 2003-05 biennium.

Application of TIF in Other States

Tax increment financing is used quite extensively in some states as an economic development tool, most often to help redevelop blighted areas. States with fairly large programs include Minnesota, Illinois, and Ohio. The state of Oregon, and particularly the City of Portland area have made good use of TIF,

notably in transportation. The Portland Development Commission has established urban renewal districts in the Portland area to extend the light rail system operated by TriMet.

In other states, TIF revenue is used for a broad range of infrastructure improvements such as streets and intersections; transit centers or light rail stations; water, sewer, and electricity lines and hook-ups; building construction; land acquisition; and street furniture and landscaping. While most jurisdictions use property taxes as the basis for tax increment financing projects, some states, including Ohio, also allow local jurisdictions to use a portion of local and state sales or income taxes. Tax increment financed projects generally must be located within the taxed district, or in the immediate vicinity, providing access to the businesses within the district. The project size is typically small, and projects are focused on local infrastructure. In Ohio, projects generally range in size from $1 to $20 million. TIF funds have not been used for projects on state or interstate facilities.

More recently, local jurisdictions have had some success in using tax increment financing to support larger light rail developments. Portland, Oregon is one of the jurisdictions that has used this approach successfully.

A Case Study

The City of Portland operates a Tax Increment Financing Program that can serve to illustrate how such a program can be used to provide transportation infrastructure in a local setting. The following provides a brief description of the program and current projects.

Portland's City Council passed a proposal allowing for Tax Increment Financing districts, also called Urban Renewal Areas, in November of 1994. In its guidelines, the city states that the creation of a TIF District is a policy choice to be made on a case-by-case basis rather than a right or entitlement for an applicant. The Council selected the city's Economic Development Commission to function as clearinghouse and to coordinate all activities related to TIF proposals.

The goal of the program is to stimulate major new construction and renovation or rehabilitation in the city. It is designed to reinvest the benefits of economic development within the city, encourage redevelopment in the downtown area, promote mixed-use projects, and show that the city is responsive to economic development needs that support the public interest. To be eligible, projects must generate a minimum of $2 million in new taxes.

Currently, Portland is using TIF to help pay for two light rail segments, the expansion of MAX to the airport and along Interstate Avenue towards the Columbia River. Airport MAX is a 5.5-mile expansion of the existing light rail system. When completed, it will include 4 new stations, two of which will serve the new development. The line will terminate at the airport's baggage claim area. The $23 million tax increment funding portion of the project, which can be spent only within the Urban Renewal Area, will help pay for a portion of the new line and part of the two stations serving the Cascade Station Development. During the 2001-2005 planning timeframe, $3.6 million in tax increment bond proceeds will be available. The Airport MAX expansion is part of an effort of the City of Portland to develop the

Airport Way/Columbia Corridor as a major employment center with a diverse economy. Development will be concentrated at Cascade Station, a new development to be located on Port of Portland property close to the airport. The new development will include office space, hotels and restaurant facilities, and an entertainment complex. It is expected eventually to provide up to 11,000 new jobs.

Airport MAX is funded exclusively with local funds, including a significant level of private sector funding. There are no federal funds, state general funds, or additional property taxes required. Funds come from the owner of the airport, the Port of Portland, (in the form of passenger facility charges), Tri-Met, the City of Portland (TIF-backed urban renewal funds) and private financing. Cascade Development Co. will provide about 20% of project funding in return for a long-term lease on 120 acres of land owned by the Port of Portland at Cascade Station. Funding was approved in June of 1999.

The funding breakdown is as follows:

Port of Portland	$28.3 million
Tri-Met	$45.5 million
City of Portland (bonds backed by TIF)	$23.0 million
Cascade Station Development Co.	$28.2 million
TOTAL	$125.0 million

Interstate MAX is part of a larger redevelopment project aimed at preserving and increasing affordable housing and commercial space in Northeast Portland. The goals of this Urban Renewal Area, which is in the early stages of development, are to increase community ownership of businesses and community employment. The community redevelopment effort is to be supported by Interstate MAX, a new light rail line along the Interstate Avenue corridor, from the Rose Quarter Transit Center through downtown Portland to the Expo Center. The 5.8-mile long new line is expected to cost about $300 million. The City of Portland expects to contribute about $30 million in the form of bond proceeds backed by tax increment revenues from the Urban Renewal Area. The city also supports other transportation improvements in the area, including street and sidewalk improvements and increased parking facilities. However, it specifically excluded highway interchanges from the types of transportation facilities that can be funded with TIF bond revenues.